



ANNUAL REPORT

2018-2019

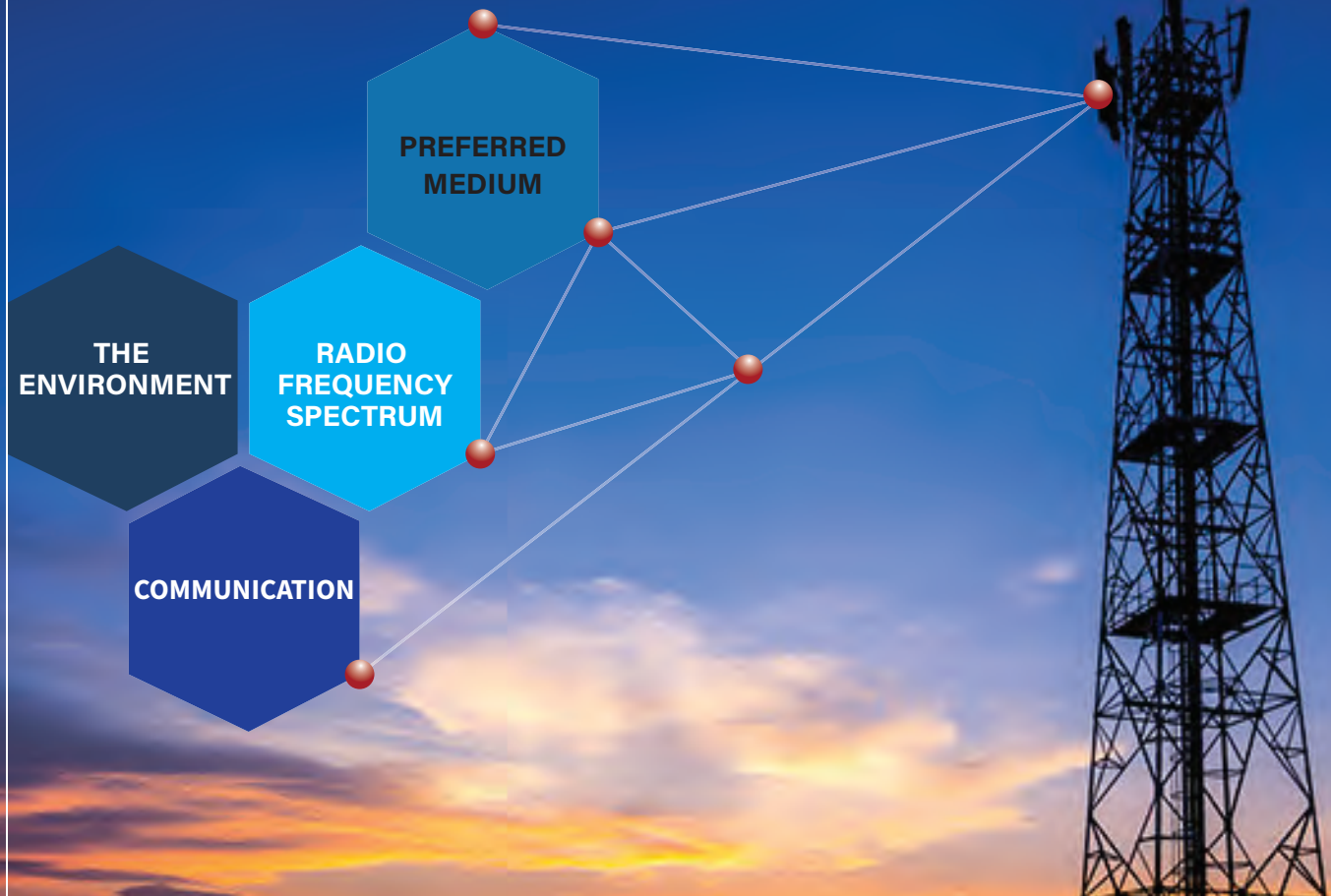
OUR MISSION



To ensure the efficient management of Jamaica's radio frequency spectrum in keeping with international best practices and in the interest of social, economic and technological development.



our vision



To create the environment for the radio frequency spectrum to become the preferred medium of communication.

TABLE OF CONTENTS

CORPORATE INFORMATION.....	6
ACRONYMS.....	7
CORPORATE PROFILE.....	8
MESSAGE FROM THE MINISTER.....	10
MESSAGE FROM THE CHAIRMAN.....	11
MESSAGE FROM THE MANAGING DIRECTOR.....	12
BOARD OF DIRECTORS.....	14
BOARD OF DIRECTORS' COMMITTEES.....	15
Role of the Board Committees.....	15
RECORDS OF ATTENDANCE.....	16
BOARD OF DIRECTORS' REPORT.....	17
CORPORATE PERFORMANCE.....	17
Capital Development Activities.....	17
Grid Tied Alternative Power Supply System.....	18
Licensing and Approvals.....	19
Band Planning.....	20
Monitoring and Interference Management.....	20
Financial Management.....	22
Legal, Policy and Regulatory.....	22
Regional and Global Obligations.....	23
Human Resource Matters.....	24
Girls In ICT Day 2018.....	25
Corporate Social Responsibility.....	26
Going Forward.....	27
Budgetary Proposal for Financial Year 2019/20.....	28
BOARD OF DIRECTORS' COMPENSATION.....	30
SENIOR EXECUTIVES COMPENSATION.....	31

CORPORATE INFORMATION

Registered Office

Spectrum Management Authority
13 - 19 Harbour Street
Kingston

Auditors

KPMG
6 Duke Street
Kingston

Bankers

- First Global Bank Ltd.
28 Barbados Avenue, Kingston 5
- National Commercial Bank Ja. Ltd.
1-7 Knutsford Boulevard
Kingston 5

Company Secretary

Mrs. Pamela Goulbourne
Spectrum Management Authority
13-19 Harbour Street
Kingston

ACRONYMS



5G	Fifth Generation
AOA	Angle of Arrival
AP	Assembly of Parties
BoD	Board of Directors
CITEL	Inter-American Telecommunications Commission
CTU	Caribbean Telecommunications Union
FY	Fiscal Year
GMDSS	Global Maritime Distress and Safety System (Certificate of Competence in Radio Telephony)
GOJ	Government of Jamaica
ICT	Information and Communications Technology
ITSO	International Telecommunications Satellite Organisation
IAC	ITSO Advisory Committee
IoT	Internet of Things
ITU	International Telecommunications Union
JARA	Jamaica Amateur Radio Association
KPI	Key Performance Indicator
LTE	Long Term Evolution
MOF	Ministry of Finance and the Public Service
MSET	Ministry of Science, Energy and Technology
RF	Radio Frequency
RMDFS	Radio Monitoring and Direction Finding System
SMA	Spectrum Management Authority
TDOA	Time Difference of Arrival
The Authority	Spectrum Management Authority
UN	United Nations
USTTI	United States Telecommunications Training Institute
VSAT	Very Small Aperture Terminals
WRC	World Radiocommunication Conference
WTO	World Trade Organization

CORPORATE PROFILE



The Spectrum Management Authority (“SMA” or “the Authority”) is mandated by virtue of the Telecommunications Act, 2000 as the regulatory body charged with the management of the Radio Frequency Spectrum in Jamaica, on behalf of the Government and people of Jamaica.

Consistent with its Mission Statement detailed herein, SMA’s management of the spectrum entails the following:

- Managing access to the radio frequency spectrum through band planning, frequency assignment and licensing;
- Monitoring compliance with licensing agreements

- to protect all authorized spectrum users;
- Identifying, investigating and facilitating the resolution of cases of interference;
- Identifying and eliminating unauthorized and illegal use of the spectrum;
- Fulfilling Jamaica’s international obligations with respect to spectrum management;
- Fulfilling its statutory obligation as the advisory body to the Minister with portfolio responsibility for telecommunications, currently the **Minister of Science, Energy and Technology**, on spectrum policy and related legal and regulatory matters.

The Spectrum Management Authority, in accordance with the Companies Act of Jamaica, was incorporated

as a limited liability company on 2000 February 1 and became operational in 2001 April. Since 2009 December 21, the registered office of the company is 13 - 19 Harbour Street, Kingston, Jamaica.

The statutory obligations and the operational principles of the Authority are in accordance with, and fulfil Jamaica's international commitments to the World Trade Organization's (WTO) telecommunication agreement, and the policy objectives enunciated by the Government of Jamaica (GOJ) with respect to the liberalisation of the telecommunications sector.

The Authority is financed through a cost-recovery mechanism, whereby licensed spectrum users are required to pay Spectrum Regulatory fees. The fee mechanism was originally established in 2003 and amended in 2017 pursuant to the **Telecommunications (Spectrum Regulatory Fees) (Amendment) Regulations, 2017**, Jamaica Gazette Supplement No. 16. The SMA also collects Spectrum Licence fees that are remitted to the GOJ's Consolidated Fund, by way of Tax Administration Jamaica (since April 2017), following a reclassification of Spectrum Licence fees as a tax revenue.

As aforesaid, in carrying out its mandate, the Authority operates within the legislative framework as established by the **Telecommunications Act, 2000** and the **Radio and Telegraph Control Act, 1973**. Internationally, SMA is also guided by the rules and regulations of the International Telecommunications Union (ITU). ITU is the leading United Nations agency for information and communication technologies. As the global focal point for governments and the private sector, ITU's role in helping the world to communicate spans three (3) core sectors: radio communication, standardization and development.

There are various categories of radio systems that are licensed by the Authority, namely:

- Terrestrial (land-based) radio systems - including fixed services (such as networks providing data transfer services) and mobile services (such as cellular services as well as 2-way radios);
- Satellite systems - for large earth stations and VSATs (very small aperture terminals);

- Maritime radio systems - this facilitates radio communication for ships, yachts, and boats; and,
- Aeronautical radio systems - which facilitates communication by airplanes and air-traffic controllers.

The Authority also acts in a certifying capacity in respect of the following licences:

- Certificate of Competence in Radio Telephony/ Global Maritime Distress and Safety System (GMDSS) – This certification authorizes the holder to carry out the radiotelephone service of any Ship Station;
- Radio Technician Licence – There are 2 classes for this category of licence: “Class A” and “Class B” Licences. A licence issued under “Class A” category authorizes the Licensee to install and maintain radio transmitting apparatus; and, the “Class B” category authorizes the Licensee to install and maintain radio transmitting apparatus with a radio frequency power not exceeding 1,000 watts; and
- Type Approval Certificate – This certification is issued to manufacturers of radio communication equipment after the Authority ensures that it conforms to appropriate standards and principles of product safety and will not interfere with other equipment or networks.

The SMA represents Jamaica in several telecommunications related international fora and participates at the Committee level on selected bodies as indicated:

- International Telecommunications Satellite Organisation (ITSO) - Jamaica, which is represented at the IAC meetings by the **Spectrum Management Authority**, represents Barbados, Haiti, Trinidad & Tobago and the Bahamas as a member of Region A, since 2001;
- Caribbean Telecommunications Union (CTU);
- Inter-American Telecommunications Commission (CITEL); and,
- International Telecommunications Union (ITU).



Honourable Fayval Williams, MP
Minister of Science, Energy and Technology

Special commendations to the Spectrum Management Authority (SMA or Authority) on the publication of its 2018/2019 Annual Report.

As Minister with responsibility for technology, I am pleased to see the progress that has been made and the hard work that the SMA has done over this period. I believe that this publication is significant as it not only shares with our stakeholders the achievements of the Authority, but it also adds to the system of accountability and transparency to which we subscribe as a Ministry.

The SMA is a vital part of our transition to a digital and knowledge-based society. We are living in an age

MESSAGE FROM THE **MINISTER**

where connectivity is an absolute necessity. All the objects in our everyday life, from cars and refrigerators to medical devices are being connected to the Internet. These data hungry technologies will increase the demand for spectrum.

In this regard, I am pleased that the SMA has acquired the requisite equipment to enable more efficient management of the spectrum and has taken the lead to install additional monitoring sites to ensure the provision of ‘interference free’ spectrum to its customers. This move, among others, will encourage the investments in wireless technology that we require as we advance in the digital age.

The future is digital and building out a robust technology infrastructure to accommodate the varying needs of the population will be even more critical. We are committed to creating a technology enabled society in which all our citizens are connected to the information super highway. An effectively managed and utilized spectrum opens a world of opportunities for all to take advantage of next-generation broadband technologies, including 5G.

My commendations once again on a job well done and I wish you all the best as you continue on the path of “shaping our future with wireless.”

Hon. Fayval Williams, MP
Minister of Science, Energy and Technology



Mr. Edward Gabbidon
Board Chairman

Jamaica's telecommunications sector remains an important engine for the country's economic growth and development as well as its social cohesion, and the Spectrum Management Authority (SMA, The Authority), continues to proudly play the role of catalyst, shaping the various elements of the technological landscape that provide the framework of this sector.

For a country's telecommunications to respond efficiently to the needs of consumers and businesses while spurring economic growth in new directions, good quality infrastructure which provides cutting-edge services is vital. A key component of this is an energised digital services sub-sector which uses the electromagnetic spectrum as the preferred means of communication. As the demand for wireless data continues to grow, so too does the demand for spectrum. In addition, the development and use of new technologies will further increase the demand for spectrum. The SMA continues to monitor the Information and Communications Technology (ICT) landscape, actively anticipating the needs and nimbly adjusting as is necessary to ensure that the nation has what it needs to drive productivity.

The 2018/19 fiscal year has seen the SMA performing creditably. Several key initiatives have been undertaken with much diligence being exercised to ensure that the Authority remains relevant to the telecommunications sector. It is my pleasure as

MESSAGE FROM THE CHAIRMAN

Chairman to report that for the period under review, all the established Key Performance Indicators have been achieved with some even surpassed. During the fiscal year, the Authority contributed a total of \$1.146 billion dollars to the GOJ Consolidated Fund through spectrum licence fees. In addition to its statutory obligations to the government, the Authority continues to not only satisfy its customers but must also maintain expenditure within a tight budget amidst challenging economic times. This commendable performance is to the credit of the hardworking, professional and knowledgeable staff members who continue to employ good management techniques.

For the coming 2019/20 financial year, the SMA pledges to continue to be responsive to the evolving dynamics of the telecommunications landscape in the execution of its pivotal role in national spectrum management. With wireless technologies continuing to gain ground due to low cost and ease-of-use, steps have already been taken to ensure the nation keeps pace with the innovations both through infrastructure and training. The Authority already has tools in preparation to manage the technology wave of 5G and the Internet of Things. Additionally the SMA will be entering into partnerships with academia to deliver a modern day wireless technology testing laboratory, the first of its kind in the Caribbean which will not just test equipment, but also assist in the training of personnel in the field of spectrum engineering. These are just two examples of the way in which the Authority will continue to move away from being just a regulator in the sector and more fully into its mandate of facilitating cooperation, shaping the industry and strengthening the framework that will ensure Jamaica keeps pace with international best practices and standards in technology.

Mr. Edward Gabbidon
Board Chairman



Dr. Maria Myers-Hamilton, EdD

“Without continual growth and progress, words such as improvement, achievement and success have no meaning” -Benjamin Franklin

The use of radio frequency (RF) remains an essential necessity for the daily lives of Jamaicans, facilitating the use of television broadcasting, radio, mobile, maritime and even wireless internet access. It is my pleasure to report that for the fiscal year (FY) 2018/19, the Spectrum Management Authority (the SMA) has continued to perform at an exceptional level. This outstanding performance encompasses the core operational activities of the SMA including licensing (new and renewal), band planning, interference management and financial management. At the SMA, great emphasis and recognition continues to be placed on key areas such as delivering world-class customer service to its clientele and maintaining professional relationships with all stakeholders locally, regionally and globally. The contributions from our dedicated and devoted staff at the SMA is the major contributing factor why this has been achieved once again for the period. In order to facilitate this exceptional level of service, the SMA continues to ensure that all staff are adequately equipped with the necessary tools and training to manage new technologies and resolve all issues that arise within the industry and globalised international community. This is indeed important

MESSAGE FROM THE **MANAGING DIRECTOR**

in this age of vast technological developments including the existence of both 3G and 4G services coupled with the advent of 5G on the horizon and enhanced wireless communications innovations. The SMA remains steadfast to align itself with international standards and ultimately to be the pioneer within the region, providing greater capacity, offering greater reliability and delivering exceptional service.

At the beginning of the 2018/19 FY, several KPIs were established with the aim to further develop the social, economic and technological aspects of our citizens. During this period several important milestones were reached, which included:

- The SMA entering into a tripartite agreement with the Postmaster General and the Jamaica Amateur Radio Association (JARA) to revise the examination process for Amateur Radio Operators which will ensure adherence to the standards established by the Radio and Telegraph Control Act (Radio Operators and Technicians) Amendment Regulations 2017.
- The Authority completed the second phase of its Grid-Tied Alternative Power Supply Project (i.e. Solar Project) which was commissioned in February 2019. As at March 31, 2019, the Authority was able to realise approximately 42% savings in energy usage during the preceding twelve (12) months, and 38% savings in energy over the life of the project to date, being twenty-one (21) months. The ongoing analysis confirms that the project should have a payback period of less than five (5) years.
- The team at the Authority has once again surpassed those established KPIs, most notably, actions relating to new licensing, having an increase in new licences and further having 99% of those licenses processed within the assigned time.
- As we recognize the importance of ICT and its role in the future development of Jamaica, we continue

to sensitize the wider society especially our youth, through programmes such as ‘Girls in ICT’. Additionally, as an aspect of our corporate social responsibility, the SMA continued with the successful staging of our internship and Summer Programmes respectively. Over this FY, the SMA employed a complement of approximately 50 students from the University of Technology, and the University of the West Indies, Mona under this programme. Students were distributed to several public sectors entities across Jamaica including the Jamaica Defence Force, Jamaica Promotions Corporation (JAMPRO) and Kingston Public Hospital to name a few.

On a regional and global level, the SMA continues to maintain a strong presence in our relationship with the Caribbean Telecommunications Union (CTU), Commonwealth Telecommunications Organization (CTO) and the International Telecommunications Union (ITU) and played a more integral role in the meetings, conferences and study groups that were held. This is indeed critical in ensuring that Jamaica and other territories in the region, that we represent, are aligning with international best practices and are compliant to the standards established. This factor is particularly important as the international community is continuously evolving through technologies, communications and globalization.

As we continue to support wireless connections across various commercial and public sector entities, the SMA is committed to upholding our mantra; ensuring the efficient management of Jamaica’s radio frequency spectrum to further develop the social, economic and technological interests of the citizenry of Jamaica land we love.



***Dr. Maria Myers-Hamilton, EdD
Managing Director***



BOARD OF DIRECTORS



Edward Gabbidon
Board Chairman



Delroy Thompson
Vice Chairman



Dr. Maria Myers-Hamilton
Managing Director



Vaughn McDonald



Dalton Yap



Marlon Morgan



Robert Richards



Marcia Forbes



Kaydian Smith Newton



Claude Petgrave

BOARD OF DIRECTORS' COMMITTEES

April 1, 2018 – November 12, 2018

Human Resources:	Technical Operations:	Audit:	Finance:
<ul style="list-style-type: none"> • Yolande Ramharrack • Marlon Morgan • Craig Ottey-Brown 	<ul style="list-style-type: none"> • Marcia Forbes • Delroy Thompson • Rickman Warren • Yolande Ramharrack 	<ul style="list-style-type: none"> • Robert Richards • Rickman Warren • Brian Yap-Sam 	<ul style="list-style-type: none"> • Marsha Haughton • Kaydian Smith Newton • Marlon Morgan

November 12, 2018 – March 31, 2019

Corporate Governance:	Technical Operations:	Audit:	Finance:
<ul style="list-style-type: none"> • Vaughn McDonald • Maria Myers-Hamilton • Marlon Morgan • Marcia Forbes 	<ul style="list-style-type: none"> • Claude Petgrave • Edward Gabbidon • Marlon Morgan • Maria Myers-Hamilton • Delroy Thompson • Kaydian Smith Newton 	<ul style="list-style-type: none"> • Robert Richards • Dalton Yap 	<ul style="list-style-type: none"> • Marlon Morgan • Kaydian Smith Newton • Maria Myers-Hamilton

ROLE OF THE BOARD COMMITTEES

The oversight function of corporate governance is performed by the Authority's Board of Directors (BOD) and its designated committees. The BOD perform its advisory and oversight functions through well-structured, planned, and assigned committees to take advantage of the expertise of all the directors. The Committee members address relevant issues and make recommendations to the entire board for final approval. The SMA's BOD began the fiscal year under the chairmanship of Mr. Trevor Forrest, who resigned from the post in August 2018. On November 12, 2018, the Cabinet approved the recommendation for the appointment of a new Board, under the chairmanship of Mr. Edward Gabbidon. The responsibilities and roles of the various committees of the Boards during the year were as follows:

- **Technical Operations Committee**
Provides oversight and support to the management team of the Spectrum Management Authority on the technical, regulatory and policy aspects of the Authority's operations. The Committee also ensures that the technical operations of the Authority are in keeping with international best practices for spectrum management and will satisfy the local demand for spectrum use.
- **Finance Committee**
Oversees all areas of corporate finance and accounting for the Spectrum Management Authority and obtains assurance that systems of control

are in place and operating so as to promote the most economic, efficient and effective use of resources and safeguarding the Authority's assets.

- **Human Resources**
Provide oversight and support to the management team of the Spectrum Management Authority to further develop and retain its professional and highly specialized skilled staff.
- **Audit Committee**
Examines and evaluates internal audit reports on all operational activities of the Spectrum Management Authority by providing independent analysis, appraisals and recommendations concerning the Authority's system of internal controls, effectiveness of its risk management and the quality of its performance.
- **Corporate Governance Committee**
Assist the Board in fulfilling its oversight responsibilities and ensure that the Spectrum Management Authority adheres to its corporate governance mandate in line with the Public Bodies Management and Accountability Act (PBMA), the Authority's Memorandum and Articles of Association, Corporate Governance Framework for Public Bodies and all other applicable laws, regulations and government guidelines.

RECORDS OF ATTENDANCE

For the 2018/19 fiscal year, the SMA scheduled ten (10) meetings of the Board of Directors. Additionally, meeting with regards to four (4) Committees of the Board were also held. A summary of the attendance of Directors at meetings of the Board and its Committees for the FY are outlined in the table below:

	BOARD	ANNUAL GENERAL	AUDIT	FINANCE	CORPORATE GOVERNANCE	HUMAN RESOURCES	TECHNICAL OPERATIONS	JOINT FINANCE AND AUDIT
	10 ¹ MEETING	1 MEETING	2 MEETING	9 ² MEETING	1 MEETING	1 MEETING	6 MEETING	1 MEETING
Marcia Forbes	6	1	-	-	-	-	4	-
Trevor Forrest ³	4	-	-	-	-	-	-	-
Edward Gabbidon	4	1	-	-	-	-	2	-
Marsha Haughton	5	-	-	5	-	-	-	1
Vaughn McDonald	4	1	-	-	1	-	-	-
Marlon Morgan	10	1	-	8	1	1	2	-
Maria Myers-Hamilton ⁴	4	1	-	3	1	-	2	-
Craig Ottey-Brown	-	-	-	-	-	-	-	-
Claude Petgrave	4	1	-	-	-	-	2	-
Yolande Ramharrack ⁵	2	-	-	-	-	1	1	-
Robert Richards	8	1	2	-	-	-	1 ⁶	1
Kaydian Smith Newton	8	-	-	7	-	-	2	1
Delroy Thompson	10	1	-	-	-	-	5	-
Rohan Townsend ⁷	-	-	1	-	-	-	-	-
Rickman Warren	4	-	1	-	-	-	3	1
Dalton-Yap	4	1	1	-	-	-	-	-
Brian Yap-Sam	-	-	-	-	-	-	-	-

¹ Extraordinary Board of Directors meetings held on January 14, 2019

² Special Finance Committee meeting held on March 26, 2019

³ Director Trevor Forrest resigned from the Board in August 2018

⁴ Director Maria Myers-Hamilton was not compensated as a member of the Board given her substantive post as Managing Director.

⁵ Director Yolande Ramharrack resigned from the Board in August 2018

⁶ Director Robert Richards was invited to a meeting of the Technical Operations Committee held on November 13, 2018 based on his area of expertise and deliberations at said meeting.

⁷ Rohan Townsend is a co-opted member of the Audit Committee and not a member of the Board of Directors.

Directors Edward Gabbidon, Vaughn McDonald, Claude Petgrave, Dalton Yap and Maria Myers-Hamilton were appointed to the Board effective November 12, 2018 and Directors Marsha Haughton, Craig Ottey-Brown, Rickman Warren and Brian Yap-Sam were not re-appointed. Meetings of the Board and Committees resumed in January 2019.

BOARD OF DIRECTORS' REPORT

To effectively realize growth, Jamaicans need to be connected wherever and whenever. With access to the latest technologies and an effective spectrum management regime is increasingly critical, it is for this reason and more that the Spectrum Management Authority (“the SMA” or “the Authority”) the regulatory body mandated to efficiently manage the radio frequency spectrum (“the spectrum”), including allocating rights for the use of the spectrum and ensuring compliance in a transparent and non-discriminatory manner, maintained its Corporate Goal during the 2018/19 fiscal year (FY), which is to regulate effectively. In fulfilling its mandate during the 2018/19 FY, the SMA provided “clean spectrum” to facilitate wireless connectivity, enabling communication for businesses (providing financial, health, security and educational services, etc) and for social purposes, changing the lives of Jamaicans in unprecedented ways.

The Board of Directors (BOD) for its part was primarily focused on providing policy and strategic direction to guide the SMA, and to ensure that it is better equipped to address the needs of its vibrant clientele. During the fiscal year, there were changes in Ministerial responsibilities for Telecommunication, which resulted in some changes to the structure of the initial Board. Notwithstanding the changes around the organization, the SMA continued its contribution to national development, a feat the BOD is proud of, and as such, against this background, is delighted to outline the achievements, which represents tangible progress against the Strategic Priorities in the 2018/19 fiscal year (FY).

CORPORATE PERFORMANCE

Capital Development Activities

For the fiscal year, the SMA established operational targets, linked to organizational capacity, which relates to the quality of services provided to customers. As such, it was important to have in place the requisite tools to enable an environment, which was conducive to maintaining high levels of productivity and quality

services. Hence, for the 2018/19 FY, the SMA was again focused on further expanding its monitoring capacity and continuance of its Grid-Tied Alternative Power supply project.

Monitoring Capacity Expansion

During the 2018/19 FY, the SMA embarked on phase 2 of a project started in the 2017/18 FY, geared towards enhancing its monitoring capacity. The project’s first phase related to the upgrading of both the St. Ann and St. James’s Radio Monitoring and Direction Finding System (RMDFS) with additional features. Phase 2 of the project featured the installation of new sites in Portland and Manchester. (Phase 1 was completed during the 2017/18 FY). In relation to phase 2, as at 2018 November 11, the SMA was able to commission into operation the Manchester RMDFS site. The installation of the site in Portland encountered delays owing to challenges in securing a lease agreement, which at year-end was looking more favourable, with the project start date for that location slated for early in the 2019/20 FY. However, while the SMA was experiencing delays with the Portland site, an alternative site was identified in Savanna-La-Mar, which was being developed as at the end of the fiscal year and was awaiting installation of equipment previously slated for the Portland site.

With the completion and commissioning of the Manchester site, and the soon-to-be completed Savanna-la-Mar site early in the 2019/20 FY, the SMA was better able to more efficiently manage the spectrum. This will result in improve regulatory effectiveness, which is very important for Jamaica, as it improves the attractiveness of the country for wireless technology use and development, and encourages both local and foreign investment that will most certainly support the GoJ’s Inclusive Sustainable Economic Growth and Job Creation strategic priority.

BOARD OF DIRECTORS' REPORT



SMA's Newly Modified Mobile Monitoring Unit

Grid Tied Alternative Power Supply System

As part of the SMA's continued energy conservation thrust during the 2018/19 FY, the second phase of the Alternative Energy (Solar) Expansion strategy was commissioned, resulting in the installation of an additional 135 solar panels on the Authority's roof of the building. With this deployment, the energy generation

capacity doubled, moving from an initial **34 kWp** to approximately **68 kWp**. With 38% savings in energy over the life of the project to date (i.e. 21 months), the ongoing analysis confirms that the project should have a payback period of less than five (5) years.



The Rooftop of the SMA displaying the Solar Panels which were installed in the second phase of its Grid-Tied Alternative Power Supply Project.

Licensing And Approvals

New Licensing

During the 2018/19 FY, the SMA received 207 new applications in addition to the 47 applications brought forward from the 2017/18 FY which were not yet approved, resulted in 254 applications being processed. Of the 254 processed, 205 or 81% of applications were approved for the grant of a licence, whilst 32 were cancelled. Of the 205 applications approved, 203 or 99%, were processed within their respective established processing times, which exceeds the targeted KPI of 80%. Processing times range from 1 business day to 25 business days, depending on the type of licence to be processed. Licences granted during the fiscal year were to facilitate maritime, aeronautical, amateur and particularly mobile communication services, among others. Marine licences (Temporary and Permanent) processed under the SMA's MOU with the Maritime Association of Jamaica (MAJ) represented the largest share of licences approved during the financial year, which have quality service targets of 1 day and 3 days for temporary and permanent licences respectively.

LICENCE TYPE	GRANTED
Aeronautical	1
Alien Amateur	12
Amateur	1
Citizen Band	3
GMDSS	9
Private Radio (Major)	0
Private Radio (Other)	35
Marine (Temporary)	61
Marine (Permanent)	79
Marine (Non MAJ)	3
VSAT	1
TOTAL	205

Table 1 - New Licence Applications Granted by Type for 2018/19

Renewal Licensing

The SMA renewed 419 licences for the FY, which represents a performance rate of 88%. This

performance is above the KPI of 85%. The FY's target was 442 existing licences, however there were 15 cancellations, and 51 clients requested reinstatement of their licences. This had a plus 36 net effect on the initial target of 442 bringing it to 478. Note that licences are only renewed after receipt of payment.

As at 2019 March 31, of the 419 licences renewed, 414 were processed within the standard processing time of 5 business days after receipt of payment. This represents a performance rate of 99% which is above the KPI of 90% (or 377 of the 419) for this activity.

Type Approval

Pursuant to the Radio Telegraph and Control Act [RTCA] (Sections 5 & 8), the SMA, inter alia, conducts Type Approvals of wireless radio communication equipment/devices entering Jamaica. The main goal of the approval process is to ensure that all equipment/devices which are capable of emitting radio-frequency energy meet a minimum set of regulatory, technical and safety standards. Additionally, the equipment/devices should not cause interference with other equipment or networks.

For the 2018/19 FY, 20 applications were brought forward from the previous fiscal year, primarily awaiting additional information. There were 311 new applications received during the year bringing the number of type approval handled to 331. Of the 331 handled, a total of 295 type approval certifications were granted, two (2) were cancelled, and 34 were withheld pending further information from the applicants. Of the 295 granted, 283 or about 96% were processed within the standard processing time of 10 business days. This performance is comfortably above the activity's KPI which aims to process 80% of these type approval applications within the standard time of 10 business days. Data for the past three years shows a gradual increase in the number of devices requiring type approval as the demand for the use of wireless devices increase in Jamaica. Devices that required type approval during the FY included the following: *Mobile Phones, Bluetooth Headsets, Immobilizers, Car Radios, Wi-Fi Cards, Tracking Devices and Remote Keyless Entry Devices.*

BOARD OF DIRECTORS' REPORT

Year	Applications Received in FY	Applications Handled in FY	Granted/ Approved
2016/17	245	261	242
2017/18	256	275	247
2018/19	311	331	295

Table 2 - Type Approvals Received and Granted for last three FY

Band Planning

Effective Band Planning, which in some jurisdictions is referred to as “Frequency Planning”, is a critical part of the spectrum management process. Essentially, Band Planning management is responsible for the allocation of radio frequencies to meet the demands of emerging technologies and services, in order to ensure that the radio spectrum provides the greatest economic and social benefit to the Jamaican society. Band Planning charts the major trends and developments in technology and considers the needs of current and future users of the frequency spectrum. Formal outputs from the planning process include band plans for broadcast, microwave, PCS, cellular bands, broadband and two-way radio services. One important planning document prepared by Band Planning department is the National Table of Frequency Allocations. In facilitating the licensing process, the Band Planning team conducts, inter alia, the following activities:

- Validation of the Frequency - the team validates the frequency being requested to ensure the proposed service for use of the band is aligned with the allocation Jamaica and by extension, aligned to the Radio Regulations governed by the International Telecommunications Union (ITU).
- Technical Analysis - to determine whether the spectrum is available, that is, whether it is currently assigned to anyone;

- Monitoring of the Frequency - to ensure that the frequency under review is free and clear, before the frequency is assigned.

Throughout the fiscal year, the band planning team was able to successfully facilitate the assignment of 205 new licences with “clean spectrum”, that is, without causing interference to the 442 existing licensees.

Monitoring And Interference Management

Monitoring

The demand for interference-free frequency assignments is steadily increasing locally. This is due mostly to the new users of the spectrum with competitive wireless services, and users of frequencies for non-telecommunications applications. Radio frequency monitoring (or ‘monitoring’) is done to obtain detailed information on the technical or operational characteristics of radio signals. The SMA monitors the radio frequency environment to determine conformity with applicable standards, identify any illegal use of the spectrum and confirm compliance with licenced conditions. One of the most important technical parameters to measure is the emission of radio transmitters. This is done to determine whether the transmitter is operating within specified limits.

In addition to our daily frequency monitoring exercises to ensure compliance requirements, the SMA conducted a total of eleven (11) spectrum monitoring audits during the fiscal year. These eleven audits spanned a total of eight (8) parishes, namely: Portland, St. James, St. Catherine, St. Mary, St. Ann, Clarendon, St. Thomas and Manchester. No anomalies were detected during these audits.

BOARD OF DIRECTORS' REPORT



SMA's Telecommunication Engineer, Mr. Philmore Trowers, giving instructions to a group of high school girls during the "Fox Hunt" exercise as part of Girls in ICT Day April 2018.

Interference Management

Interference management is at the heart of regulating the spectrum and is essential for maintaining a desirable wireless communication environment. The capacity to address interference reports is a key element in effectively managing the spectrum. The airwave is shared by all transmitters and as such interference can stem from a variety of transmitting sources. These include: valid users of the spectrum, malfunctioning consumer and commercial equipment, and improper or illegal use of the spectrum. Interference may cause disruption in communication services, loss of data, loss of business and even loss of lives for those dependent on mission critical wireless systems. As a result, the SMA employs preventative measures through its band planning techniques, and conducts random inspections during the fiscal year. Further, every effort is made to resolve incidents of interferences in a timely manner to reduce loss or disruption of services to clients.

For the year under review, the SMA investigated 11 cases of interference reports that were received during the 2018/19 FY. One (1) case was brought forward from the 2017/2018 financial year and one (1) case was pending as at 2019 March 31. Of the 11 cases reported, 10 were resolved as at 2019 March 31, and were all within their respective resolution times, which represents 100% compliance against budgeted KPI of 90%.

Information Technology

In an effort to be efficient, the SMA's focus with respect to Information Technology (IT) for the 2018/19 FY was to maintain core technologies, plan for technology evolution and promote centralized data storage. The strategy was to consolidate business operations on standardized applications, employ effective communication tools and enhance local area network (LAN) and wide area network (WAN) connectivity. Achievements for the fiscal year included, inter alia, the following:

- **IT Policies Approval** - Three major pieces of IT Policies were developed and or revised and approved by the Board of Directors. The Policies are namely: IT Equipment Disposal Policy, Information Systems Security Policy and Closed User Group (CUG) Policy (reviewed).
- **Website Upgrade** - The SMA's website content management system platform was upgraded to WordPress, which is considered to be more secure and better supported in the global IT community.
- **My HR Plus** - The Human Capital Management Enterprise System (HCMES) now renamed MyHR+ is the Government of Jamaica's initiative that provides an integrated human resources (HR) and payroll system for the entire public sector. This

BOARD OF DIRECTORS' REPORT

application provides an improved means for the management of HR and payroll data. MyHR+ was implemented at the SMA effective January 2019, where employees were now able to access their payroll information online, to include viewing and printing their pay slips.

- **Network Infrastructure Upgrade** - The network infrastructure upgrade saw the inclusion of equipment such as a core switch (layer 3), dedicated Internet access, distributed or edge switch, routers, nodes, access points, firewall and the required software applications. During the 2018/19 FY, these equipment and services were successfully integrated into the SMA's IT environment.

Financial Management

Income

As a self-funding agency, effective financial management is vital for business survival and growth. This involves planning, organizing, controlling and monitoring the SMA's financial resources in order to achieve its business objectives. Good financial management assists the organization to make effective use of its resources, fulfill commitments to its stakeholders, gain operational advantage and prepare for long-term financial stability. For the period ending 2019 March 31, the SMA booked total income amounting to \$397.82M, which is above the KPI of \$369.86M or 90% of target. The table below compares actual, budgeted, and KPI performance levels.

	ACTUAL	BUDGET	KPI	ACTUAL vs KPI VARIANCE
	\$'M	\$'M	\$'M	\$'M
Processing Fees	13.71	10.15	9.13	4.58
Regulatory Fees	375.83	350.70	315.63	60.20
Interest Income	9.69	10.66	9.59	0.10
Other Income	(1.41)	39.45	35.51	(36.92)
TOTAL	397.82	410.96	369.86	27.96

Table 3 - Comparison of Actual and Budgeted Revenue – 2018/19 FY

Expenditure

Actual expenditure (including depreciation) incurred by the SMA during the 2018/19 FY amounted to \$344.64M for the 12 months ended 2019 March 31, which was well within the budgeted amount of \$410.73M. The reason for the positive variance was primarily due to Salary & Related Cost (whereby 4 vacant positions as well as 4 new positions did not materialize) and lower depreciation charges due to delay in completing the new monitoring sites started during the 2017/2018 FY. Additionally, the SMA always seeks ways to reduce costs, ensuring best value for money, while minimizing and mitigating against any fallout or negative impact this might have on the level and quality of services delivered to our customers.

Collection of Spectrum Licence Fees

Spectrum Licence fees are collected on behalf of the GOJ and are remitted to the Consolidated Fund via Tax Administration of Jamaica. Actual collection of Spectrum Licence fees for the 12 months ending 2019 March 31, amounted to \$1,134.25M. This is below the budgeted amount of \$1,267.58M, but nevertheless

above the KPI of \$1,014.06M. Total remittance amounting to \$1,146.31M (including amounts brought forward from the previous FY) for the same period also exceeded the KPI established of \$1,014.06M. **Please note that Spectrum Licence fees collected on mobile licences are remitted in the month it is collected, whilst for all other categories of licence it is remitted in the month after they are collected.**

Legal, Policy and Regulatory

During the fiscal year the SMA was involved in, inter alia, Legal, Policy and Regulatory activities. These activities were primarily in support of the Ministry of Science, Energy and Technology (MSET), but forms an important part of the SMA's function as it seeks to fulfil its mandate. The Legal, Policy and Regulatory activities included the following:

- The SMA provided support to MSET regarding a Bill entitled "**The Telecommunications (Spectrum Regulatory Fees) (Validation and Indemnity) Act, 2018**" which was being debated in the House of Representatives. The Bill, which is in relation to

BOARD OF DIRECTORS' REPORT

the charging of Regulatory Fees was passed on 2018 July 17 without amendment as there was no objection.

- During the period, the SMA held a series of stakeholder meetings with its major clients in the telecommunications industry, to include Digicel, FLOW, JPS, Ministry of National Security, ODPEM and Island Networks. The meetings were part of the SMA's ongoing efforts to provide the highest quality service to its clients and to assess stakeholders proposed short, medium and long term plans for use of the spectrum. Overall, the stakeholders expressed their desire for continued and increased use of the spectrum, in line with their economic reality.
- The SMA entered into a tripartite agreement with the Postmaster General and the Jamaica Amateur Radio Association (JARA) to revise the examination process for Amateur Radio Operators, which will ensure adherence to the standards established by the Radio and Telegraph Control Act (Radio Operators and Technicians) Amendment Regulations 2017. The inaugural sitting of the examination, since the amendment to the regulation is scheduled for November 29, 2019.
- During 2019 March, the SMA provided support to the MSET in its effort to manage and facilitate the engagement of an ITU sponsored Spectrum Management Consultant to determine the fees to be charged by the SMA for Licences to access and use the radio frequency spectrum. The results of this consultation will be finalized in FY 2019/20.
- *Utility Regulation and Competition Office (OFREG) In the Cayman Islands*

A team from the Utility Regulation and Competition Office (OFREG) in the Cayman Islands, led by its Chief Executive Officer, met with SMA's senior management, led by the Managing Director, on 2018 May 04. The OFREG team, sought to gain insights in the SMA's experience in dealing with spectrum management issues, in addition to SMA's plans regarding 5G.

Regional and Global Obligations

During the 2018/19 Fiscal Year, the Authority remained committed to honouring its regional and global obli-

gations particularly, those held by the CTU, CITEL, ITSO, and the ITU.

- *ITU Regional Frequency Coordination Meeting*

The SMA participated in the 3rd and 4th ITU Regional Frequency Coordination Meeting for Central America and the Caribbean Region on the use of the VHF (174-216 MHz) and the UHF (470-806 MHz) bands. The meetings were held in Panama City, Panama from 2018 May 7 to 11 and Belize City, Belize from 2018 September 11 to 14, respectively. Coordinated by the International Telecommunication Union (ITU) the meetings were a follow-up and continuation of the 1st and 2nd meetings, held previously, and was an important milestone for the process of regional frequency coordination, intended to facilitate the transition from Analog to Digital Terrestrial Television (DTT) and the allocation of the Digital spectrum, by ensuring compatible operation for all involved services and administrations.

- *Inter-American Telecommunications Commission (CITEL)*

The SMA represented Jamaica at the 31st and the 32nd Inter-American Telecommunications Commission's (CITEL's) Permanent Consultative Committee II (PCC II) meetings held in Guadalajara, Jalisco, Mexico from 2018 July 16 – 20 and in Brasilia, Brasil from 2018 December 3 – 7 respectively. The meetings facilitated continued regional preparation for the World Radio communication Conference in 2019 (WRC-19). Meetings report and recommendations were submitted to the Ministry with responsibility for Telecommunications.

- *International Telecommunications Satellite Organization (ITSO)*

As part of Jamaica's delegation which was led by Chief Technical Director, MSET, the Managing Director and the Director of Legal Affairs attended the 38th Assembly of Parties Meeting, in Washington D.C. during the period 2018 June 13-15. The Assembly took important decisions on a number of key issues such as the approval of ITSO's Strategic Plan for the period 2018 to 2020, the work-plan and associated studies to provide the 2020 ordinary meeting of the Assembly of Parties with the information necessary to decide on the

BOARD OF DIRECTORS' REPORT

future of the ITSO Agreement. The Director Legal Affairs also served as Vice Chairman for Region A. – The Americas - during the meeting.

- *Caribbean Telecommunications Union (CTU)*

Representatives from the SMA participated in two (2) CTU Spectrum Management Task Force Meetings during the fiscal year. The first CTU's WEBEX SMTF Force meeting was over two half day periods on, 2018 November 10 and 11. The meeting focused primarily on the status of Caribbean countries preparation for WRC-19 agenda items as discussed at CITEL, in an effort to harmonize the region's positions. The second meeting was during 2019 January 30 to February 1, and held in Guyana. The meeting focused primarily on the WRC 19 Agenda Items and the timelines for addressing the items on the 2019 Task Force Action Plan.

Human Resource Matters

Separation & Recruitment

The SMA completed the fiscal year with a staff complement of 34 (14 permanent and 20 contract employees) which represents approximately 83% of the approved establishment of 41 posts. For the fiscal year under review, the SMA welcomed on board the new Director, Legal Affairs Division, Mrs. Kadianne Wood, who assumed that office on 2019 February 1. Notable separations during the course of the fiscal year, was:

- Director, *Legal Affairs* – Ms. *Ida-Gaye Warburton*
- Manager, *Administration* – Mr. *Christopher Spencer*
- Manager, *Monitoring & Inspection* – Mr. *Kwan Wilson*
- Administrative Assistant, *Legal Affairs* – Ms. *Charmaine Grant*

The SMA utilizes this opportunity to thank them all for their contribution during their tenure, over the years, and wishes them the best in their new endeavours.

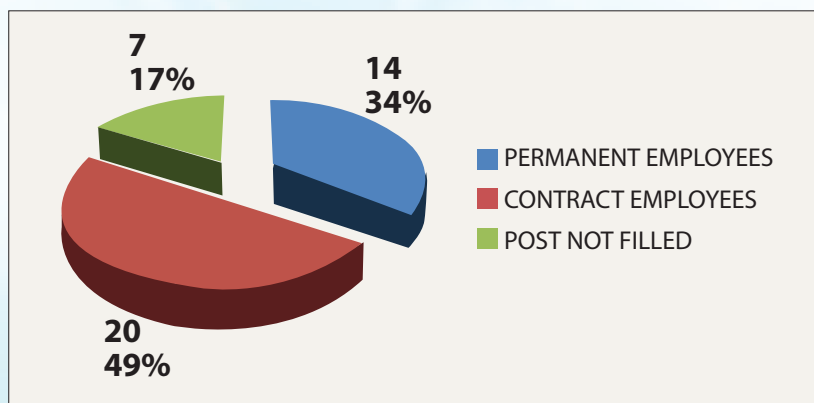


Chart 1 – Staff Complement as at the end of 2018/19 FY

Training and Development

As a key strategy, the Authority throughout the fiscal year continued to build on its internal human capacity through training and development. This is in accordance with the evolving regulatory demands, which enables the organization to provide its staff with the requisite knowledge and competences to effectively carry out its mandate in an increasingly complex, yet integrated industry. This important strategy was realized through various local and international training courses and seminars, which featured both technical and non-technical training opportunities. The table

overleaf highlights some core opportunities accessed by staff during the fiscal year.

Importantly as well during the fiscal year, the SMA embarked on a new approach to capacity development in collaboration with eGov Jamaica Limited (eGov). This resulted in one of the SMA's Licensing Representatives, with information technology (IT) background being temporarily transferred to eGov to understudy various technical positions in that organization. At the end of the fiscal year the programme was still in progress.

BOARD OF DIRECTORS' REPORT

COURSE/TRAINING
5G & Wi-Fi: Facilitating Mobile Broadband Deployments AGC Drone Training
Agile Project Management Certification (Scrum Master) Basic Antennae Concept
Capacity Building Workshop – Public Procurement
Certificate Course in Forensic Accounting
Commercial Pilot UAS Course; Advanced Training
Conformance and Interoperability and Mutual Recognition Agreement Workshop
Dale Carnegie Leadership Training for Managers
Digital Television Sensitizing Training Sage/Accpac
Empowering People Business and Society
Evolving Trends in Spectrum Management and Radio Frequency Spectrum Management
HR Audit Workshop
IFRS Workshop Information Technology Knowledge Forum – Data Workshop
Information Technology Knowledge Forum – Data Workshop
INPRI International Procurement Institute Certificate Level 1, 2, & 3
Introduction to Human Resources Management
Make Your Mark Consultants Conference, 2018 (Middle Managers Training)
Practical Applications on Spectrum Management & Spectrum Monitoring (USTTI)
Masterclass in Corporate Governance Excellence Technical
Training Institute – TCI Seminar 2018 Mastery In Project Management
Practical Applications on Spectrum Management & Spectrum Monitoring (USTTI) Radio Spectrum Monitoring & Techniques and Procedures and Laboratory Techniques in Support of Equipment Authorization
Sage / Accpac Masterclass in Corporate Governance Excellence
Technical Training Institute – TCI Seminar 2018
Techniques and Practices of Project Management
Understanding Modern Spectrum Management

Table 4 – List of some of the various Course/Traning Activities – 2018/19 FY

Girls in ICT Day - April 2018

'Expand horizons, changing attitudes' was the theme of the day as the Spectrum Management Authority (SMA) hosted forty (40) girls from fourteen (14) high-schools in the Kingston and St. Andrew region to participate in the agency's recognition of 'Girls in ICT' on April 26, 2018. The objective of the event supported the initiative established by the International Telecommunications Union (ITU) in 2011 to encourage young girls to consider careers in the ICT field, creating an environment to achieve such. The SMA has been participating in the activities since 2015.

Mrs. Juliet Holness opened the days activities and Minister of State, Hon. Alando Terrelonge, was invited to speak on the influences of ICT as it relates to his portfolio- Minister of Culture, Gender, Entertainment and Sports. In particular, Minister Terrelonge noted that statistics highlight that by 2020, there will be a gap in approximately 1.4 million jobs in the ICT sector. Through the continued support of the government and initiatives such as this, he views the future of ICT to be bright and further aid in Jamaica's development.

'As ICT levels the playing field and makes the world much smaller, the opportunities are global' were the words of Mrs. Holness in her address to those in attendance as she encouraged females to be a part of the male dominated industry and remove the glass ceiling that currently exists.

The SMA is committed to continue its execution and support of initiatives such as this would allow for the further development and progression of not only Jamaica but the region and international community.

Member of Parliament for East Rural St. Andrew, Mrs. Juliet Holness (fourth right), Mr. Trevor Forrest-SMA's former Chairman (fifth left), Dr. Maria Myers Hamilton, SMA's Managing Director and other staff members at Girls in ICT Day 2018.



BOARD OF DIRECTORS' REPORT

Corporate Social Responsibility

As part of our corporate social responsibility, during the 2018/19 FY, the SMA continued to address critical challenges associated with insufficient resources in communities across the Kingston Metropolitan Area (KMA), in an effort to improve the quality of life for Jamaicans. Contributions were made to charitable organizations, missions and generally organizations with programs to address needs of the physically and mentally challenged, the indigent, and youth development among other community projects and interests. Some of these organizations to which contributions were made included:

- Missionaries of the Poor
- Love & Hope Ministries
- Combined Disabilities Association
- Friends of Mona Rehab
- Jamaica Autism Support Association
- Small Treasures Childcare
- ICANN Holistic Educational Learning Place
- United Way of Jamaica
- Jamaica Fire Brigade, and
- Benefit Programmes for Cancer Treatment



SMA's Engineers, Mr. Kwan Wilson (bending), Mr. Phillip Malcolm (middle), Mr. Tai-Shan Tracey (with notes in hand) and Mr. Philmore Trowers with remote control in hand get ready to launch the DJI Drone.

BOARD OF DIRECTORS' REPORT

Going Forward

The Authority is committed to continuing its work in keeping with the international best practices of the harmonization, standardization and assignment processes. This, even as the technology wave gathers momentum, spearheaded by 5G and the Internet of Things – consumer products, durable goods, motor vehicles, industrial and utility components, sensors, and other everyday objects demands internet connectivity. In an effort to better position itself for the future, the SMA is planning to participate at the CITEL's final preparatory meeting before WRC-19, as part of Jamaica's delegation. It is important to ensure that Jamaica's interest is adequately represented within the context of the goal of global harmonization.

The SMA going forward will continue seeking to acquire the tools necessary to drive more intensive and efficient use of the spectrum, while promoting the need to have in place flexible guiding policies and legislative support enabling the implementation of policy objectives.

The medium to long term focus on spectrum management will primarily be on the following:

- Strengthening human and physical capacity;
- Providing support to our Ministry on efforts that will improve regulatory effectiveness;
- The installation of additional monitoring sites; and,
- Acquisition of attendant equipment, to support a dynamic industry.
- Policy and legislative improvement to align with Jamaica's Vision 2030 Plan;
- Capital resource upgrade; and
- Public Awareness.

The planned activities of the SMA for the 2019/20 FY will include inter-alia:

- Conduct of an organizational review exercise;
- Improve on the SMA's physical facility and upgrade its infrastructure;
- Pursuing the core functions of, licensing spectrum users, resolution of interference complaints according to established standards, monitoring and inspection to ensure the legitimate and efficient

use of the spectrum, and collection of fees as targeted;

- Lobbying relevant government ministries and agencies such as MoF, MSET etc, to further the growth of the SMA and spectrum management practices;
- Fulfillment of local, regional and international obligations; and
- Participation at WRC-19, in Sharm El-Sheikh, Egypt, during October to November 2019.



TDOD Sensor Site, Portmore, St. Catherine

BOARD OF DIRECTORS' REPORT

Budgetary Proposal for Financial Year 2019/20

For the FY 2019/20, the SMA's approved budget of \$1, 009.08M as follows:

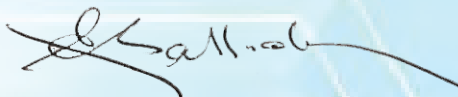
- Capital Expenditure \$500.19M
- Operating Expenditure \$508.89M

	Target	Key Performance Indicator (KPI)
Income	\$509.46M	80% of target
Spectrum licence fees Collected	\$1, 348.78M	80% of target
Spectrum licence fees Remitted	\$1, 348.78M	Remit all fees collected up to Feb. 2019 and mobile fees collected in Mar. 2020
Expenditure	\$508.89M	Within Target
No. of licences to be Renewed	463	85% of target
Number of Interference Cases resolved	All reported cases	90% of target

Summary of Budget Proposal for Financial Year 2019/20

Closing Remarks

The Board of Directors takes this opportunity to thank the dedicated management and staff for the strides made during the fiscal year. To our stakeholders, the SMA thanks you all for your support and cooperation throughout the year, and looks forward to another productive year of collaboration and improvements. Finally, we thank the team at the MSET for their support, and we look forward to working with the team again in the 2019/20 FY.



Mr. Edward Gabbidon
Board Chairman



Dr. Maria Myers-Hamilton, EdD
Managing Director

BOARD OF DIRECTORS' REPORT



Participants at the 32nd PCCII Meeting in Brazil, which included the Managing Director; Manager, Band Planning and Telecommunications Engineer.

**SPECTRUM MANAGEMENT AUTHORITY
BOARD OF DIRECTORS' COMPENSATION**

Position of Director	Board		Committees		Fees	Travelling Allowance or Value of Assigned Motor Vehicle	Honoraria	Compensation including Non-Cash Benefits as applicable	Total
	Chairman	Member	Chairman	Member					
Trevor Forrest - Chairman	\$ 60,000	-	\$ -	\$ -	60,000	\$ -	\$ -	\$ -	60,000
Yolande Ramharrack	-	18,000	7,500	4,500	30,000	-	-	-	30,000
Marsha Haughton	-	45,000	37,500	4,500	87,000	-	-	-	87,000
Marcia Forbes	30,000	45,000	30,000	-	105,000	-	-	-	105,000
Rickman Warren	-	36,000	-	22,500	58,500	-	-	-	58,500
Craig Ottey-Brown	-	-	-	-	-	-	-	-	-
Marlon Morgan	-	99,000	30,000	36,000	165,000	46,642	-	-	211,642
Kaydian Smith Newton	-	72,000	-	45,000	117,000	-	-	-	117,000
Brian Yap-Sam	-	-	-	-	-	-	-	-	-
Delroy Thompson	-	99,000	-	22,500	121,500	7,632	-	-	129,132
Robert Richards	-	81,000	22,500	4,500	108,000	742	-	-	108,742
Rohan Townsend	-	-	-	4,500	4,500	-	-	-	4,500
Edward Gabbidon - Chairman	75,000	-	-	9,000	84,000	5,724	-	-	89,724
Vaughn McDonald	-	45,000	7,500	-	52,500	8,055	-	-	60,555
Claude Petgrave	-	45,000	15,000	-	60,000	22,048	-	-	82,048
Dalton Yap	-	45,000	-	4,500	49,500	114,162	-	-	163,662
Total	165,000	630,000	150,000	157,500	1,102,500	205,005			1,307,505

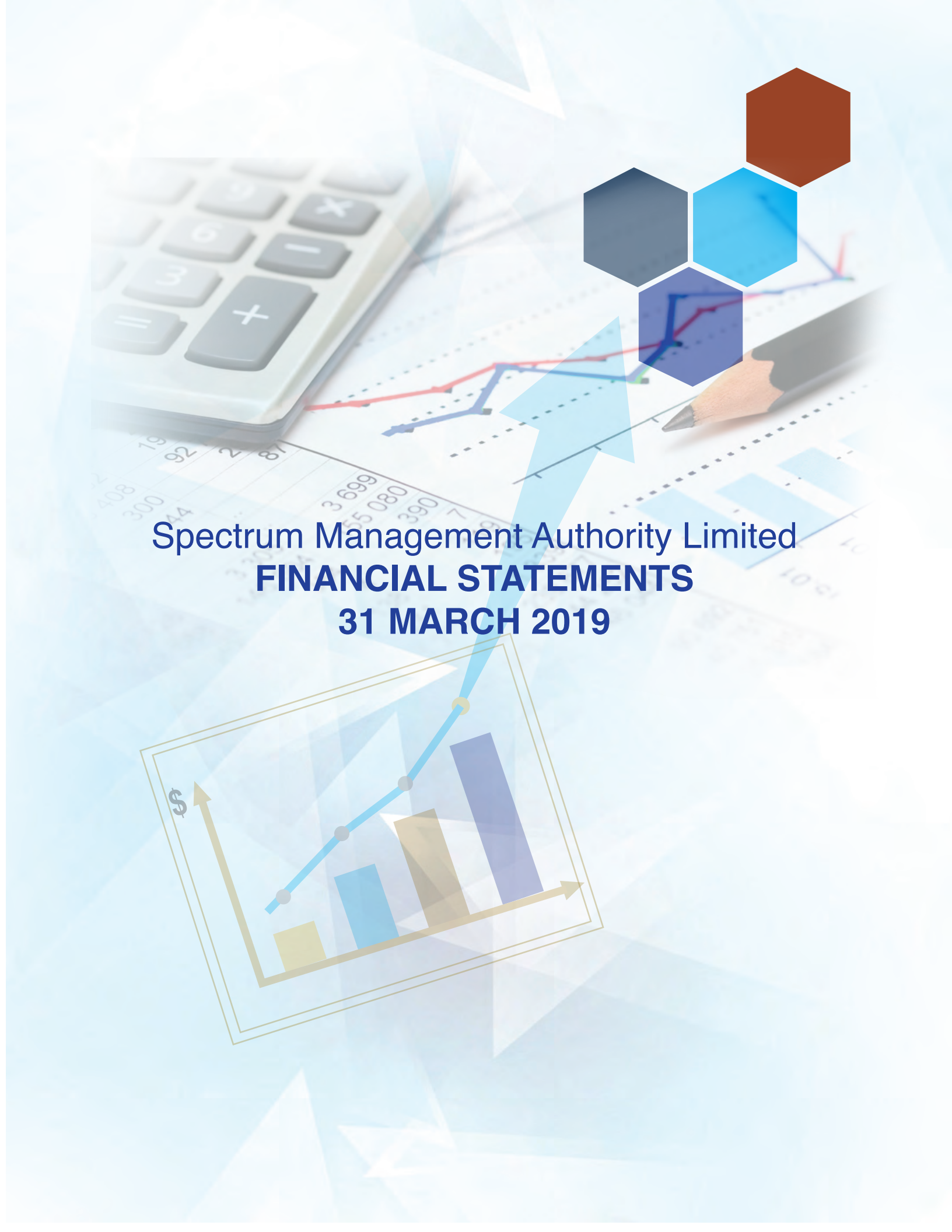
SPECTRUM MANAGEMENT AUTHORITY

SENIOR EXECUTIVES/KEY MANAGEMENT COMPENSATION

Position of Senior Executive/ Key Management	Salary	Gratuity or Performance Incentive	Travelling	Pension on	Other Allowances	Total Remuneration	Non-Cash Benefits	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Maria Myers-Hamilton Managing Director	7,510,388	260,370	1,542,864	-	229,498	9,543,120	-	9,543,120
Henry Batson Director - Spectrum Engineering	6,029,925	296,979	1,542,864	-	865,990	8,735,758	-	8,735,758
Patrick Brown Director - Finance & Administration	4,790,440	1,423,084	1,542,864	-	559,670	8,316,058	-	8,316,058
Ida-Gaye Warburton, Kadianne Wood Director - Legal Affairs	4,388,942	1,257,238	1,416,758	-	674,659	7,737,597	-	7,737,597
George Malcolm Director - Policy & Strategic Planning	4,790,440	1,445,682	1,542,864	-	479,334	8,258,320	-	8,258,320
Dawn Staple Manager - Human Resources, Acting	2,177,473	128,767	813,564	-	816,675	3,936,479	-	3,936,479
Total	29,687,608	4,812,120	8,401,778	-	3,625,826	46,527,332	-	46,527,332

The former Director of Legal Affairs, Ms. Ida-Gaye Warburton, demitted office effective 2019 January 9, while the new Director of Legal Affairs, Mrs. Kadianne Wood, was appointed effective 2019 February 1.

The Human Resources Officer was appointed to act in the post of Manager, Human Resources as of August 2016.



Spectrum Management Authority Limited
FINANCIAL STATEMENTS
31 MARCH 2019



SPECTRUM MANAGEMENT AUTHORITY LIMITED

FINANCIAL STATEMENTS

31 MARCH 2019

I N D E X

	<u>Page</u>
Independent Auditors' Report to the Members	1 - 3
<u>FINANCIAL STATEMENTS</u>	
Statement of Profit or Loss and Other Comprehensive Income	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 - 35



KPMG
Chartered Accountants
P.O. Box 76
6 Duke Street
Kingston
Jamaica, W.I.
+1 (876) 922 6640
firmmail@kpmg.com.jm

INDEPENDENT AUDITORS' REPORT

To the Members of
SPECTRUM MANAGEMENT AUTHORITY LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Spectrum Management Authority Limited ("the company"), set out on pages 4 to 36, which comprise the statement of financial position as at March 31, 2019, statements of profit or loss and other comprehensive income, 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 give a true and fair view of the financial position of the company as at March 31, 2019, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG, a Jamaican partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

R. Tarun Handa
Cynthia L. Lawrence
Rajan Trehan
Norman O. Rainford
Nigel R. Chambers

Nyssa A. Johnson
W. Gihan C. de Mel
Wilbert A. Spence
Rochelle N. Stephenson
Sandra A. Edwards



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
SPECTRUM MANAGEMENT AUTHORITY LIMITED

Report on the Audit of the Financial Statements (Continued)

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS and the Jamaican Companies Act, 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 company'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 company or to cease operations, or has no realistic alternative but to do so.

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

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 misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
SPECTRUM MANAGEMENT AUTHORITY LIMITED

Report on the Audit of the Financial Statements (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

- 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 company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 our auditors' report. However, future events or conditions may cause the company 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.

Report on additional matters as required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act in the manner required.

Chartered Accountants
Kingston, Jamaica

July 26, 2019

SPECTRUM MANAGEMENT AUTHORITY LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
YEAR ENDED 31 MARCH 2019

	<u>Note</u>	<u>2019</u> \$	<u>2018</u> \$
Revenue	6(a)	389,531,250	341,115,083
Operating expenses	7(a)	<u>(354,329,627)</u>	<u>(304,452,136)</u>
Operating profit		35,201,623	36,662,947
Other income	6(b)	<u>8,286,039</u>	<u>12,320,760</u>
Profit, being total comprehensive income for the year	8	<u><u>43,487,662</u></u>	<u><u>48,983,707</u></u>

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

SPECTRUM MANAGEMENT AUTHORITY LIMITED

STATEMENT OF FINANCIAL POSITION

31 MARCH 2019

	<u>Note</u>	<u>2019</u> \$	<u>2018</u> \$
ASSETS			
Non-current assets:			
Property, plant and equipment	9	482,794,646	483,460,260
Intangible assets	10	<u>10,489,096</u>	<u>12,369,715</u>
Total non-current assets		<u>493,283,742</u>	<u>495,829,975</u>
Current assets:			
Receivables	11	11,968,055	39,004,815
Taxation recoverable	12	13,025,982	10,677,300
Resale agreements	13	711,948,326	291,800,645
Cash and cash equivalents	14	<u>292,605,463</u>	<u>305,188,579</u>
Total current assets		<u>1,029,547,826</u>	<u>646,671,339</u>
Total assets		<u>1,522,831,568</u>	<u>1,142,501,314</u>
EQUITY AND LIABILITIES			
Capital and reserves:			
Share capital	15	20	20
Contributed Capital	16	144,700,366	144,700,366
Retained earnings		<u>619,437,090</u>	<u>575,949,428</u>
Total capital and reserves		<u>764,137,476</u>	<u>720,649,814</u>
Non-current liabilities:			
Deferred capital grant	17	<u>325,000,000</u>	-
Current liabilities:			
Payables	18	306,150,352	317,390,533
Deferred income	19	<u>127,543,740</u>	<u>104,460,967</u>
Total current liabilities		<u>433,694,092</u>	<u>421,851,500</u>
Total equity and liabilities		<u>1,522,831,568</u>	<u>1,142,501,314</u>

The financial statements on pages 4 to 36 were approved for issue by the Board of Directors on July 26, 2019 and signed on its behalf by:


Edward Gabbidon - Chairman


Maria Myers-Hamilton - Managing Director

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

SPECTRUM MANAGEMENT AUTHORITY LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 MARCH 2019

	<u>Share Capital</u> \$ (Note 15)	<u>Contributed Capital</u> \$ (Note 16)	<u>Retained Earnings</u> \$	<u>Total</u> \$
Balances at 31 March 2017	20	144,700,366	526,965,721	671,666,107
Total comprehensive income	<u>-</u>	<u>-</u>	<u>48,983,707</u>	<u>48,983,707</u>
Balances at 31 March 2018	20	144,700,366	575,949,428	720,649,814
Total comprehensive income	<u>-</u>	<u>-</u>	<u>43,487,662</u>	<u>43,487,662</u>
Balances at 31 March 2019	<u>20</u>	<u>144,700,366</u>	<u>619,437,090</u>	<u>764,137,476</u>

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

SPECTRUM MANAGEMENT AUTHORITY LIMITED
STATEMENT OF CASH FLOWS
YEAR ENDED 31 MARCH 2019

	<u>Note</u>	<u>2019</u> \$	<u>2018</u> \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit for the year		43,487,662	48,983,707
Adjustments for:			
Profit on disposal of property, plant and equipment		-	(25,000)
Depreciation & amortisation	7(a)	61,287,466	64,814,268
Provision for bad debt	11	(523,912)	50,269
Interest income	6(b)	(9,691,436)	(16,324,763)
Operating cash flows before movements in working capital		94,559,780	97,498,481
Change in operating assets and liabilities:			
Receivables		27,670,647	3,235,646
Taxation recoverable		(2,348,682)	(4,087,207)
Deferred income		23,082,773	45,584,002
Payables (excluding spectrum licence fees)		821,929	(2,133,711)
		143,786,447	140,097,211
Interest received		9,394,719	16,360,722
Spectrum licence fees received	18	1,134,245,889	1,885,225,420
Spectrum licence fees paid	18	(1,146,307,999)	(1,638,435,209)
Net cash provided by operating activities		<u>141,119,056</u>	<u>403,248,144</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Net (increase)/decrease in resale agreements		(419,960,939)	3,641,707
Proceeds from sale of property, plant and equipment:		-	25,000
Acquisition of property, plant and equipment)	9	(54,048,695)	(143,880,173)
Acquisition of intangible assets	10	(4,692,538)	(7,911,247)
Net cash used in investing activities		<u>(478,702,172)</u>	<u>(148,124,713)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from capital grant, being			
Net cash provided by financing activities		<u>325,000,000</u>	<u>-</u>
Net increase in cash and cash equivalents		(12,583,116)	255,123,431
Cash and cash equivalents at beginning of year		<u>305,188,579</u>	<u>50,065,148</u>
Cash and cash equivalents at end of year		<u><u>292,605,463</u></u>	<u><u>305,188,579</u></u>

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

SPECTRUM MANAGEMENT AUTHORITY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2019

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES

Spectrum Management Authority Limited (the company) is a limited liability company incorporated and domiciled in Jamaica. It is wholly owned by the Government of Jamaica and is an agency within the Information and Communication Technology (ICT) Portfolio of the Ministry of Science, Energy and Technology. The registered office of the company is located at 13-19 Harbour Street, Kingston.

The principal activity of the company is the efficient management of Jamaica's electromagnetic spectrum in the interest of national, technological, economic and social development.

Tax Administration Jamaica by letter dated February 15, 2018, confirmed that the company is exempt from paying income tax under section 12(b) of the Income Tax Act.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

(a) Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations issued by the International Accounting Standards Board and comply with the Jamaican Companies Act.

This is the first set of the company's annual financial statements in which IFRS 9, *Financial Instruments* and IFRS 15 *Revenue from Contract with Customers* have been applied. Changes to significant accounting policies are described in note 3.

New and amended standards and interpretations issued but not yet effective:

Certain new and amended standards and interpretation has been issued, which are not yet effective for the current year and which the company has not early adopted. The company has assessed them and determined the following are relevant:

- Amendment to IAS 1, *Presentation of Financial Statements* and IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* is effective for annual periods beginning on or after January 1, 2020, and provides a definition of 'material' to guide preparers of financial statements in making judgements about information to be included in financial statements.

"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The company does not expect the amendment to have a significant impact on its 2021 financial statements.

SPECTRUM MANAGEMENT AUTHORITY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2019

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

New and amended standards that are not yet effective (cont'd):

- IFRS 16, *Leases*, which is effective for annual reporting periods beginning on or after January 1, 2019, eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Companies will be required to bring all major leases on-balance sheet, recognising new assets and liabilities. The on-balance sheet liability will attract interest; the total lease expense will be higher in the early years of a lease even if a lease has fixed regular cash rentals. Optional lessee exemption will apply to short-term leases and for low-value items with value of US\$5,000 or less.

Lessor accounting remains similar to current practice as the lessor will continue to classify leases as finance and operating leases. Finance lease accounting will be based on IAS 17 lease accounting, with recognition of net investment in lease comprising lease receivable and residual asset. Operating lease accounting will be based on IAS 17 operating lease accounting.

Early adoption is permitted if IFRS 15, *Revenue from Contracts with Customers* is also adopted.

The company is assessing the impact that this amendment will have on its 2020 financial statements.

- Amendments to *References to Conceptual Framework in IFRS Standards* is effective retrospectively for annual reporting periods beginning on or after January 1, 2020. The revised framework covers all aspects of standard setting including the objective of financial reporting.

The main change relates to how and when assets and liabilities are recognised and de-recognised in the financial statements.

- New 'bundle of rights' approach to assets will mean that an entity may recognise a right to use an asset rather than the asset itself;
- A liability will be recognised if a company has no practical ability to avoid it. This may bring liabilities on balance sheet earlier than at present.
- A new control-based approach to de-recognition will allow an entity to derecognize an asset when it loses control over all or part of it; the focus will no longer be on the transfer of risks and rewards.

The company is assessing the impact that the amendments will have on its 2021 financial statements.

SPECTRUM MANAGEMENT AUTHORITY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2019

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

New and amended standards that are not yet effective (cont'd):

- Amendments to IFRS 9, *Financial Instruments*, effective retrospectively for annual periods beginning on or after January 1, 2019 clarifies the treatment of:

(i) Prepayment features with negative compensation:

Financial assets containing prepayment features with negative compensation can now be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9.

(ii) Modifications to financial liabilities:

If the initial application of IFRS 9 results in a change in accounting policy arising from modified or exchanged fixed rate financial liabilities, retrospective application is required, subject to particular transitional reliefs. There is no change to the accounting for costs and fees when a liability has been modified, but not substantially. These are recognised as an adjustment to the carrying amount of the liability and are amortised over the remaining term of the modified liability.

The company is assessing the impact that this interpretation will have on its 2020 financial statements.

(b) Basis of preparation

The financial statements are prepared under the historical cost basis.

(c) Reporting currency

The financial statements as of and for the year ended 31 March 2019 (reporting date), are presented in Jamaica dollars which is the company's functional currency.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company'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 discussed below:

SPECTRUM MANAGEMENT AUTHORITY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2019

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONT'D)

(d) Use of estimates and judgements (cont'd)

(i) Allowance for impairment losses on receivables

Allowances for doubtful accounts were established until March 31, 2018, based on incurred loss analyses over delinquent accounts considering aging of balances, the credit history and risk profile of each customer and legal processes to recover accounts receivable. Effective April 1, 2018, such allowances are determined upon origination of the trade accounts receivable based on a model that calculates the expected credit loss ("ECL") on trade accounts receivable.

Under the ECL model, the company analyses its accounts receivable in a matrix by days past due and determined for each age bracket an average rate of ECL, considering actual credit loss experience over the last 8 months and analysis of future delinquency, that is applied to the balance of the accounts receivable.

The average ECL rate increases in each segment of days past due until the rate is 100% for the applicable ageing bracket.

(ii) Expected useful life and residual value of property, plant and equipment

The expected useful life and residual value of an asset are reviewed, at least, at each reporting date. Useful life of an asset is defined in terms of the asset's expected utility to the company.

(e) Comparative information

When necessary, prior year comparatives have been reclassified to conform to current year's presentation.

3. CHANGES IN ACCOUNTING POLICIES

Certain new and amended standards came into effect during the current financial year. The company has assessed them and has adopted those which are relevant to its financial statements.

The company has initially adopted IFRS 9 *Financial Instruments* and IFRS 15, *Revenue from Contracts with Customers* from April 1, 2018.

The effect of initially applying these standards is mainly attributed to the following:

- additional disclosures related to IFRS 9 [see notes 4(b), 4(c) and 5(b)]; and
- additional disclosures related to IFRS 15 [see note 4(m)].

Due to the transition method chosen by the company in applying IFRS 9, comparative information throughout these financial statements has not generally been restated to reflect its requirements.

SPECTRUM MANAGEMENT AUTHORITY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2019

3. CHANGES IN ACCOUNTING POLICIES (CONT'D)

(a) IFRS 9 *Financial Instruments*

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39, *Financial Instruments: Recognition and Measurement*. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities.

As a result of the adoption of IFRS 9, the company has adopted consequential amendments to IFRS 7 *Financial Instruments: Disclosures* that are applied to disclosures about 2018, but have not been applied to the comparative information.

Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. The standard eliminates the previous IAS 39 categories of held-to-maturity, loans and receivables and available-for-sale. For an explanation of how the company classifies financial instruments under IFRS 9, see note 4(b).

The following table and the accompanying notes explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the company's financial assets and financial liabilities as at April 1, 2018. The effect of adopting IFRS 9 on the carrying amounts of financial assets at April 1, 2018 relates solely to the new impairment requirements.

	Original classification under IAS 39	New classification under IFRS 9	IAS 39 carrying amount at March 31, 2018	Remeasurement	IFRS 9 carrying amount at April 1, 2018
			\$		\$
Financial assets					
Cash and cash equivalents	Loans and receivables	Amortised cost	305,188,579	-	305,188,579
Accounts receivable	Loans and receivables	Amortised cost	39,004,815	-	39,004,815
Resale agreements	Loans and receivables	Amortised cost	291,800,645	-	291,800,645
Total financial assets			<u>635,994,039</u>	<u>-</u>	<u>635,994,039</u>

SPECTRUM MANAGEMENT AUTHORITY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2019

3. CHANGES IN ACCOUNTING POLICIES (CONT'D)

(a) IFRS 9 *Financial Instruments (cont'd)*

	Original classification under IAS 39	New classification under IFRS 9	IAS 39 carrying amount at March 31, 2018	Remeasurement	IFRS 9 carrying amount at April 1, 2018
			\$		\$
Financial liabilities					
Accounts payable	Other financial liabilities	Other financial liabilities	317,390,533	-	317,390,533
Deferred income	Other financial liabilities	Other financial liabilities	<u>104,460,967</u>	-	<u>104,460,967</u>
Total financial liabilities			<u>421,851,500</u>	-	<u>421,851,500</u>

Impairment of financial assets

IFRS 9 replaces the "incurred loss" model in IAS 39 with an "expected credit loss" (ECL) model. The new impairment model applies to financial assets measured at amortised cost. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as that comparative periods generally have not been restated. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings as at April 1, 2018. Accordingly, the information presented for 2018 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2018 under IFRS 9.

There were no amounts recognised in retained earnings as at April 1, 2018 on the initial application of IFRS 9.

(b) IFRS 15 *Revenue Recognition*

Under IFRS 15, an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, following a five step model: Step 1: Identify the contract(s) with a customer (agreement that creates enforceable rights and obligations); Step 2: Identify the different performance obligations (promises) in the contract and account for those separately. Step 3: Determine the transaction price (amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services); Step 4: Allocate the transaction price to each performance obligation based on the relative stand-alone selling prices of each distinct good or service; and Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation by transferring control of a promised good or service to the customer. A performance obligation may be satisfied at a point in time or over time.

SPECTRUM MANAGEMENT AUTHORITY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2019

3. CHANGES IN ACCOUNTING POLICIES (CONT'D)

(b) *IFRS 15 Revenue Recognition (cont'd)*

IFRS 15 also includes disclosure requirements to provide comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The adoption of IFRS 15 did not impact the timing or amount of sales from contracts with customers and the related assets and liabilities recognised by the company. Accordingly, the impact on the comparative information is limited to new disclosure requirements.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Foreign currency translation

Transactions in foreign currencies are converted at the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currency are translated using the exchange rates ruling at that date. Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealised exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in profit or loss.

(b) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

The financial assets that meet both of the following conditions and are not designated as at fair value through profit or loss: a) are held within a business model whose objective is to hold assets to collect contractual cash flows, and b) whose contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified as "Held to collect" and measured at amortised cost.

Amortised cost represents the net present value ("NPV") of the consideration receivable or payable as of the transaction date. This classification of financial assets comprises the following captions:

- Cash and cash equivalents
- Accounts receivable
- Resale agreements

Due to their short-term nature, the company initially recognises these assets at the original invoiced or transaction amount less expected credit losses

SPECTRUM MANAGEMENT AUTHORITY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D))

(b) Financial instruments (cont'd)

Financial assets (cont'd)

Initial recognition and measurement (cont'd)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described in the particular recognition methods disclosed in their individual policy statements associated with each item.

Derecognition

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired, or the company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs. The company's financial liabilities, which include accounts payable and amounts due to related entities, are recognised initially at fair value.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described in the particular recognition methods disclosed in their individual policy statements associated with each item.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, with the difference in the respective carrying amounts recognised in the income statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

SPECTRUM MANAGEMENT AUTHORITY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31MARCH 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Property, plant and equipment

All property, plant and equipment are stated at historical cost, less accumulated depreciation and impairment losses, if any.

Depreciation is recognised in profit or loss on the straight-line basis at annual rates to write down the assets to their estimated residual values at the end of their expected useful lives, as follows:

Building	2.5%
Leasehold improvements	10%
Monitoring and office equipment	5% - 20%
Furniture and fixtures	10%
Computers	33 $\frac{1}{3}$ %
Motor vehicles	20%

(d) Intangible assets

Costs that are directly associated with acquiring identifiable and unique software products that are expected to generate economic benefits exceeding cost, beyond one year, are recognised as intangible assets. These assets are measured at cost, less accumulated amortisation and impairment losses, if any.

Amortisation is recognised in profit or loss on the straight-line basis over the estimated useful lives of the intangible assets, from the date that they are made available for use. The estimated useful life ranges from a minimum of 3 years to a maximum of 10 years.

(e) Impairment

Policy applicable from April 1, 2018

The company recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses.

Forward looking information

The company applies an unbiased and probability weighted estimate of credit losses by evaluating a range of possible outcomes that incorporates forecasts of future economic conditions. Macroeconomic factors and forward looking information are incorporated into the measurement of ECL. Measurement of ECLs at each reporting period reflect reasonable and supportable information at the reporting date about past events, current conditions and forecasts of future economic conditions.

SPECTRUM MANAGEMENT AUTHORITY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Impairment (cont'd)

Policy applicable from April 1, 2018 (cont'd)

Reversal of impairment:

An impairment in respect of a receivable is reversed, if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

In respect of other assets, 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 assets carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

Calculation of recoverable amount:

The recoverable amount of the company's investment securities and receivables is calculated as the value of the expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflow, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(f) Impairment of non-financial assets

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

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash inflows that are largely independent from other assets and groups. Impairment losses are recognised in profit or loss.

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 pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

SPECTRUM MANAGEMENT AUTHORITY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Pension obligations

Defined contribution plan

The company participates in a defined-contribution plan, the assets of which are held separately from those of the company. Contributions to the plan, made on the basis provided for in the rules, are charged to profit or loss when due.

(h) Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand, deposits and short-term highly liquid investments where original maturities do not exceed three months, are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term commitments rather than for investments purposes.

(i) Resale agreements

Securities purchased under agreements to resell are recorded as collateralized financing transactions and are classified as loans and receivables. Resale agreements are accounted for as short-term collateralised lending and are measured at amortised cost, less impairment.

(j) Trade and other receivables

Trade receivables are carried at original invoice amounts less provision for impairment losses.

(k) Trade and other payables

Trade and other payables are measured at amortised cost.

(l) Borrowings

Borrowings, if any, are recognised initially when loan proceeds are received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between proceeds and the redemption value is recognised in profit or loss over the period of the borrowings. Borrowing costs are recognised as expenses in the period in which they are incurred.

SPECTRUM MANAGEMENT AUTHORITY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Revenue recognition

Policy applicable from April 1, 2018

Performance obligations and revenue recognition policies:

Revenue is measured based on the consideration specified in a contract with a customer. The company recognises revenue when it transfers control of the goods to a customer.

A contract with a customer that results in a recognised financial instrument in the company's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the company first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

The nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies are as follows:

Type of revenue	Nature and timing of satisfaction of performance obligations, including significant payment terms.	Revenue recognition under IFRS 15 (applicable from April 1, 2018).
Regulatory Fee	The company charges regulatory fees in order to cover its reasonable operating costs in relation to spectrum licences pursuant to the Telecommunications Act, 2000 and the Telecommunications (Spectrum Regulatory Fees) (Amendment) Regulations, 2017. Payment is required in full on or before the date a new licence is issued or before the next validity period for existing licences that are being renewed.	Revenue is recognised when it is probable that economic benefits will flow to the company and the revenue can be reliably measured. Income is recognised in conformity with the validity period of licences.
	The validity period represents the period over which the economic benefits of each licence will flow to the company so that the revenue can be reliably measured.	

SPECTRUM MANAGEMENT AUTHORITY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31MARCH 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Revenue recognition (cont'd)

Policy applicable from April 1, 2018 (cont'd)

Performance obligations and revenue recognition policies (cont'd):

Type of revenue (cont'd)	Nature and timing of satisfaction of performance obligations, including significant payment terms (cont'd)	Revenue recognition under IFRS 15 (applicable from April 1, 2018) (cont'd)
Regulatory Fee	The validity period is the time that each licensee is authorized to use the spectrum which is usually twelve months duration starting from a date in the current year to the day before the corresponding date in the subsequent year, save and except for temporary licences which are valid for a minimum of 3 months duration.	
Processing Fee	The company charges a fee to other entities to process each application submitted for spectrum licences, certificates or related services.	Processing fee is recognised at a point in time based on an agreed fee.

Policy applicable before April 1, 2018

Revenue is recognised when it is probable that economic benefits will flow to the company and the revenue can be reliably measured. Income is recognised in conformity with the validity period of licences.

(n) Interest income

Interest income is recognised in profit or loss for all interest-bearing instruments on the accrual basis, unless collectability is doubtful.

(o) Leases

Leases of property where the company has substantially all the risks and rewards of ownership are classified as finance leases. Payment under operating leases are charged as an expense in profit or loss on the straight-line basis over the period of the lease.

SPECTRUM MANAGEMENT AUTHORITY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24, *Related Party Disclosures* as the "reporting entity", in this case, the company).

(a) A person or a close member of that person's family is related to a reporting entity, if that person:

- i) has control or joint control over the reporting entity;
- ii) has significant influence over the reporting entity; or
- iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

- i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- iii) Both entities are joint ventures of the same third party.
- iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity.
- vi) The entity is controlled, or jointly controlled by a person identified in (a).
- vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- viii) The entity or any member of a group of which it is a part provides key management personnel services to the company or to the parent of the company.

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

SPECTRUM MANAGEMENT AUTHORITY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2019

5. FINANCIAL AND CAPITAL RISK MANAGEMENT

(a) Overview

The company has exposure to the following risks from its use of financial instruments and its operations:

- Credit risk
- Market risk
- Liquidity risk
- Operational risk

Information about the company's exposure to each of these risks, the company's objectives, policies and processes for measuring and managing risk is detailed below.

Risk Management Framework

The Board has overall responsibility for the determination of the company's risk management objectives and policies. Whilst retaining ultimate responsibility, it has delegated the authority for designing the operating processes to, and ensuring that the Board receives reports from, the Managing Director, through whom it reviews the effectiveness of the processes implemented and the appropriateness of the objectives and policies it establishes.

The overall objective of the Board is to set policies that seek to reduce risk, as far as possible, without unduly affecting the company's regulatory activities.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The risk arises mainly from its receivables, resale agreements and cash and cash equivalents.

The maximum exposure to credit risk at the reporting date was:

	<u>2019</u>	<u>2018</u>
	\$	\$
Cash and cash equivalents	292,605,463	305,188,579
Resale agreements	711,948,326	291,800,645
Receivables (see Note 11)	<u>4,178,626</u>	<u>32,452,247</u>
	<u>1,008,732,415</u>	<u>629,441,471</u>

SPECTRUM MANAGEMENT AUTHORITY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2019

5. FINANCIAL AND CAPITAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (cont'd)

Cash and cash equivalents

The company maintains cash resources with reputable financial institutions that are appropriately licensed and regulated, therefore credit risk is considered to be low. No allowance for impairment is deemed necessary.

Trade receivables

The company has policies in place to ensure that it provides its services to customers with an acceptable credit history, who will pay the applicable licence fees and regulatory fees for the use of the spectrum. The company has no significant concentration of credit risk attached to receivables as the company has a diverse customer base, with no significant balances arising from any single economic or business sector, or single entity or customer. The company, therefore, manages credit risk by continually screening its customers, pursuing its receivables rigorously.

Allowances are determined upon origination of the trade accounts receivable based on a model that calculates the expected credit loss ("ECL") of the trade accounts receivable and are reviewed over the lifetime of the trade receivables.

Effective April 1, 2018, the company estimates expected credit loss ("ECL") on trade receivables using a provision matrix based on historical credit loss experience as well as the credit risk and expected developments for each group of customers.

There has been no change to the company's exposure to credit risk or the manner in which it measures and manages this risk during the year.

The following table provides information about the ECL for trade receivables as at March 31, 2019.

<u>Age categories</u>	<u>Weighted average loss rate</u>	<u>Gross carrying amount</u>	<u>Impairment loss allowance</u>	<u>Credit impaired</u>
		\$	\$	
Current (not past due)	13.56%	95,849	12,999	No
Past due 31 - 60 days	42%	6,774	2,906	No
More than 60 days	29.63%	<u>1,335,549</u>	<u>395,746</u>	Yes
		<u>1,438,172</u>	<u>411,651</u>	

Resale agreements

Investments are low-risk and are held with Government of Jamaica (GOJ) approved financial institutions with the holding not exceeding 33⅓% of its portfolio in any one institution. Additionally, during the tenure of the investments, financial institutions are required to transfer the minimum of the nominal value of securities representing the net maturity value of investments to the company's designated account with the Bank of Jamaica (BOJ) operated JamClear-CSD.

SPECTRUM MANAGEMENT AUTHORITY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2019

5. FINANCIAL AND CAPITAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (cont'd)

Resale agreements (cont'd)

Concentration by geography

The issuers of the majority of the company's assets are located in Jamaica.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. Market risk arises mainly from changes in interest rate and foreign exchange rate and may affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return. Market risk exposures are measured using sensitivity analysis.

(i) *Interest rate risk*

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the company to cash flow interest risk, whereas fixed interest rate instruments expose the company to fair value interest risk.

The company's interest rate risk policy requires it to manage interest rate risk by maintaining an appropriate mix of investments. The policy also requires it to manage the maturities of interest-bearing financial assets and interest-bearing financial liabilities.

The company's interest rate risk arises from short-term resale agreements that are backed by GOJ/BOJ securities (see Note 13).

Interest rate sensitivity analysis:

The following tables indicate the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, on profit or loss and equity.

The analysis assumes that all other variables, in particular foreign currency rates, remain constant and was performed on the same basis for 2018.

	Effect on profit or loss 2019 \$	Effect on equity 2019 \$	Effect on profit or loss 2018 \$	Effect on equity 2018 \$
Change in basis points:				
-100 (2018: -100)	(7,119,483)	(7,119,483)	(2,918,006)	(2,918,006)
100 (2018: 100)	<u>7,119,483</u>	<u>7,119,483</u>	<u>2,918,006</u>	<u>2,918,006</u>

SPECTRUM MANAGEMENT AUTHORITY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2019

5. FINANCIAL AND CAPITAL RISK MANAGEMENT (CONT'D)

(c) Market risk (cont'd)

(iii) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

The company is exposed to foreign currency risk on transactions that it undertakes in foreign currencies that give rise to the net currency gains and losses recognised during the year. Such exposures comprise the assets and liabilities of the company that are not denominated in its functional currency.

The company ensures that the risk is kept to an acceptable level by monitoring its value at risk.

The table below summarises the total exposure to foreign currency risk:

	<u>2019</u>		<u>2018</u>	
	<u>J\$</u>	<u>US\$</u>	<u>J\$</u>	<u>US\$</u>
Financial Assets				
Cash and cash equivalents	232,567,492	1,901,604	237,043,445	1,901,604
Resale agreements	<u>94,597,141</u>	<u>616,045</u>	<u>76,792,857</u>	<u>616,045</u>
	<u>327,164,633</u>	<u>2,517,649</u>	<u>313,836,302</u>	<u>2,517,649</u>

The exchange rate used to translate assets denominated in United States Dollars at the reporting date was 124.57 (2018: 124.65) Jamaica dollars to 1 United States dollar.

Currency sensitivity analysis:

The following table indicates the effect on profit or loss arising from changes in the United States dollar exchange rate. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusting for their translations at the reporting date for a change in foreign currency rates.

	<u>2019</u>	<u>2018</u>
	<u>\$</u>	<u>\$</u>
Effect on profit before tax:		
Devaluation - 6% (2018: 4%)	<u>6,139,375</u>	<u>3,559,729</u>
Revaluation - 4% (2018: 2%)	<u>(4,092,917)</u>	<u>(1,779,864)</u>

There was no change in the nature of exposure to market risk to which the company is subjected to or its approach to measuring and managing the risk during the year.

SPECTRUM MANAGEMENT AUTHORITY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2019

5. FINANCIAL AND CAPITAL RISK MANAGEMENT (CONT'D)

(d) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial liabilities. The company manages the risk by monitoring future cash flows and liquidity on a daily basis and maintaining a portfolio of short-term investments that are collateralized by Government of Jamaica securities.

The contractual outflows for accounts payable are represented by the carrying amount and may require settlement within 12 months of the reporting date.

There was no change in the nature of exposure to liquidity risk to which the company is subjected or its approach to measuring and managing the risk during the year.

(e) Capital risk

The company is not subject to any externally imposed capital requirements.

The company's objectives, when managing capital, are to safeguard the company's ability to continue as a going concern and to maintain a strong capital base to support the development of its business. The company's capital is defined as share capital, contributed capital and retained earnings. Capital is managed through a formal budgetary process which is closely monitored by management to maintain profitability and control expenditure.

(f) Operational risk

Operational risk is the risk of direct or indirect loss arising from a variety of causes associated with the company's processes, personnel, technology and external factors, other than financial risks, such as generally accepted standards of corporate behaviour. As a public body, the company manages operational risk with specific reference to guidelines provided in relevant Acts and Government circulars, so as to avoid financial loss and damage to its reputation.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management. This responsibility is supported by the development of overall standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the authorisation of transactions;
- Requirements for the reconciliation and monitoring of transactions.
- Compliance with government regulatory and other legal requirements.
- Risk mitigation including insurance.

SPECTRUM MANAGEMENT AUTHORITY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2019

5. FINANCIAL AND CAPITAL RISK MANAGEMENT (CONT'D)

(g) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument. The fair value of a liability reflects its non-performance risk.

Determination of fair value and fair value hierarchy

IFRS specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. The different levels have been defined as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Discounted cash flow technique using a discount rate from observable market data, i.e. average of several brokers/dealers market indicative yields in active markets for identical assets or liabilities.

Level 3 – Valuation techniques using significant unobservable inputs.

The fair values of the financial instruments of the company that include cash and cash equivalents, receivables, resale agreements, and payables, approximate to their carrying values due to their relatively short tenure. As a result, these financial instruments are not grouped under the hierarchy of valuation.

6. REVENUE AND OTHER INCOME

	<u>2019</u>	<u>2018</u>
	\$	\$
(a) REVENUE:		
Regulatory fees (Note 19)	375,826,173	328,307,531
Processing fees	<u>13,705,077</u>	<u>12,807,552</u>
	<u>389,531,250</u>	<u>341,115,083</u>
(b) OTHER INCOME:		
Interest income	9,691,436	16,324,763
Exchange (loss)/gain	(1,520,793)	(4,138,574)
Profit on disposal of property, plant and equipment	-	25,000
Other	<u>115,396</u>	<u>109,571</u>
	<u>8,286,039</u>	<u>12,320,760</u>

SPECTRUM MANAGEMENT AUTHORITY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2019

7. EXPENSES BY NATURE

(a) Administrative expenses

	<u>2019</u>	<u>2018</u>
	<u>\$</u>	<u>\$</u>
Salaries and other related costs [Note 7(b)]	185,240,288	157,019,980
Chairman and Director's fees [Note 20(a)]	1,102,500	1,210,500
Board/ Committee meeting	3,010,440	662,616
Travel and subsistence	8,058,237	2,579,313
Subscription and Donation	3,378,031	2,686,432
Audit fees - current year	1,895,000	1,895,000
Legal and Professional fees	3,792,703	5,500,927
Office expenses	15,903,475	14,080,547
Security	4,323,775	3,727,257
Public relations and education	2,842,182	222,947
Lease and rental	7,148,913	6,451,996
Repairs and maintenance	25,258,175	16,468,337
Advertisement	885,749	635,333
Utilities	11,250,429	10,544,808
Insurance	5,557,849	4,390,488
Motor vehicle	2,223,385	2,086,895
Bank Charges	327,023	342,785
Asset & Property Taxes	153,100	353,100
Irrecoverable GCT	11,214,819	8,728,338
Impairment losses (recovered)/recognised [Note 11] (523,912)	50,269
Depreciation & Amortization	<u>61,287,466</u>	<u>64,814,268</u>
	<u>354,329,627</u>	<u>304,452,136</u>

(b) Salaries and other related costs

	<u>2019</u>	<u>2018</u>
	<u>\$</u>	<u>\$</u>
Salaries and wages	141,451,992	125,198,582
Statutory contributions	8,576,684	7,911,267
Group life and health insurance	7,700,946	6,644,922
Uniform	1,111,466	1,115,751
Contract/temporary workers	<u>10,363,075</u>	<u>6,482,806</u>
	169,204,163	147,353,328
Pension contributions	1,424,114	1,465,604
Staff training and welfare	13,783,813	7,027,203
Subsistence and accommodation	<u>828,198</u>	<u>1,173,845</u>
	<u>185,240,288</u>	<u>157,019,980</u>

The number of persons employed by the company as at the reporting date was 34 (2018: 37).

SPECTRUM MANAGEMENT AUTHORITY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2019

8. PROFIT

Profit is stated after charging:

	<u>2019</u>	<u>2018</u>
	\$	\$
Auditors' remuneration	1,895,000	1,895,000
Staff costs [Note 7(b)]	185,240,288	157,019,980
Depreciation & amortisation [Note 7(a)]	<u>61,287,466</u>	<u>64,814,268</u>

9. PROPERTY, PLANT AND EQUIPMENT

	<u>Land and Building</u>	<u>Leasehold Improvement</u>	<u>Monitoring & Office Equipment</u>	<u>Furniture, and Fixtures</u>	<u>Motor Vehicles</u>	<u>Other Assets</u>	<u>Capital Work-in- Progress</u>	<u>Total</u>
	\$	\$	\$	\$	\$	\$	\$	\$
At cost								
31 March 2017	73,799,368	23,361,469	459,039,188	13,618,329	29,750,339	86,791	31,519,486	631,174,970
Additions	-	-	12,296,202	1,341,062	9,717,440	-	120,525,469	143,880,173
CWIP Transfers	-	-	12,549,789	-	-	-	(12,549,789)	-
Disposals	-	-	(1,240,865)	-	-	-	-	(1,240,865)
31 March 2018	73,799,368	23,361,469	482,644,314	14,959,391	39,467,779	86,791	139,495,166	773,814,278
Additions	-	-	984,987	1,943,835	-	-	51,119,873	54,048,695
CWIP Transfers	<u>7,097,755</u>	-	<u>11,039,694</u>	<u>25,455</u>	-	-	<u>(18,162,904)</u>	-
31 March 2019	<u>80,897,123</u>	<u>23,361,469</u>	<u>494,668,995</u>	<u>16,928,681</u>	<u>39,467,779</u>	<u>86,791</u>	<u>172,452,135</u>	<u>827,862,973</u>
Depreciation								
31 March 2017	13,643,605	4,416,990	188,216,600	10,808,283	15,763,671	48,136	-	232,897,285
Charge for the year	1,917,698	2,280,889	48,535,168	580,105	5,375,059	8,679	-	58,697,598
Eliminated on disposal	-	-	(1,240,865)	-	-	-	-	(1,240,865)
31 March 2018	15,561,303	6,697,879	235,510,903	11,388,388	21,138,730	56,815	-	290,354,018
Charge for the year	<u>1,885,465</u>	<u>2,280,889</u>	<u>43,643,190</u>	<u>733,498</u>	<u>6,162,588</u>	<u>8,679</u>	-	<u>54,714,309</u>
31 March 2019	<u>17,446,768</u>	<u>8,978,768</u>	<u>279,154,093</u>	<u>12,121,886</u>	<u>27,301,318</u>	<u>65,494</u>	-	<u>345,068,327</u>
Net book values								
31 March 2019	<u>63,450,355</u>	<u>14,382,701</u>	<u>215,514,902</u>	<u>4,806,795</u>	<u>12,166,461</u>	<u>21,297</u>	<u>172,452,135</u>	<u>482,794,646</u>
31 March 2018	<u>58,238,065</u>	<u>16,663,590</u>	<u>247,133,411</u>	<u>3,571,003</u>	<u>18,329,049</u>	<u>29,976</u>	<u>139,495,166</u>	<u>483,460,260</u>
31 March 2017	<u>60,155,763</u>	<u>18,944,479</u>	<u>270,822,588</u>	<u>2,810,046</u>	<u>13,986,668</u>	<u>38,655</u>	<u>31,519,486</u>	<u>398,277,685</u>

SPECTRUM MANAGEMENT AUTHORITY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2019

10. INTANGIBLE ASSETS

	<u>Software and licences</u> \$	<u>Capital work-in- progress</u> \$	<u>Total</u> \$
At cost			
31 March 2017	29,150,318	1,688,961	30,839,279
Additions	5,774,985	2,136,262	7,911,247
CWIP Transfers	<u>2,075,678</u>	<u>(2,075,678)</u>	<u>-</u>
31 March 2018	37,000,981	1,749,545	38,750,526
Additions	-	4,692,538	4,692,538
CWIP Transfers	<u>1,749,546</u>	<u>(1,749,546)</u>	<u>-</u>
31 March 2019	<u>38,750,527</u>	<u>4,692,537</u>	<u>43,443,064</u>
Depreciation			
31 March 2017	20,264,141	-	20,264,141
Charge for the year	<u>6,116,670</u>	<u>-</u>	<u>6,116,670</u>
31 March 2018	26,380,811	-	26,380,811
Charge for the year	<u>6,573,157</u>	<u>-</u>	<u>6,573,157</u>
31 March 2019	<u>32,953,968</u>	<u>-</u>	<u>32,953,968</u>
Net book values			
31 March 2019	<u>5,796,559</u>	<u>4,692,537</u>	<u>10,489,096</u>
31 March 2018	<u>10,620,170</u>	<u>1,749,545</u>	<u>12,369,715</u>
31 March 2017	<u>8,886,177</u>	<u>1,688,961</u>	<u>10,575,138</u>

11. RECEIVABLES

	<u>2019</u> \$	<u>2018</u> \$
Trade receivables - Regulatory fees	1,438,172	31,375,846
Other receivables	<u>3,152,105</u>	<u>2,011,964</u>
	4,590,277	33,387,810
Less: Impairment allowance	<u>(411,651)</u>	<u>(935,563)</u>
	4,178,626	32,452,247
Prepayments	<u>7,789,429</u>	<u>6,552,568</u>
	<u>11,968,055</u>	<u>39,004,815</u>

SPECTRUM MANAGEMENT AUTHORITY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2019

11 RECEIVABLES (CONT'D)

Movement in impairment allowance:

	<u>2019</u>	<u>2018</u>
	<u>\$</u>	<u>\$</u>
Balance at the beginning of year	935,563	1,008,833
Impairment losses (recovered)/recognized on receivables	(523,912)	50,269
Amounts written off as uncollectible	<u>-</u>	<u>(123,539)</u>
Balance at the end of year	<u>411,651</u>	<u>935,563</u>

In determining the recoverability of a receivable, the company considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. The directors believe that, at the reporting date, adequate provision has been made in respect of allowance for impairment.

12 TAXATION RECOVERABLE:

Taxation recoverable represents taxes withheld at source on interest received on Resale agreements and cash and cash equivalents, and amount paid as quarterly taxation installments prior to the company receiving confirmation of its Tax Exempt status.

Movement in taxation recoverable:

	<u>2019</u>	<u>2018</u>
	<u>\$</u>	<u>\$</u>
Balance at the beginning of year	10,677,300	6,590,093
Taxes withheld at source during year	<u>2,348,682</u>	<u>4,087,207</u>
Balance at the end of year	<u>13,025,982</u>	<u>10,677,300</u>

SPECTRUM MANAGEMENT AUTHORITY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2019

13. RESALE AGREEMENTS

The company enters into reverse repurchase agreements collateralised by Government of Jamaica and/or Bank of Jamaica Securities.

These resale agreements include interest accrued of \$650,083 (2018: \$463,341) and have an average maturity period of 31 days (2018: 34 days).

	<u>2019</u>	<u>2018</u>
	<u>\$</u>	<u>\$</u>
Resale agreements - J\$ equivalent of US\$	94,597,141	76,792,857
- J\$ currency	<u>617,351,185</u>	<u>215,007,788</u>
	<u>711,948,326</u>	<u>291,800,645</u>

The fair values of underlying assets for resale agreements amounted to \$728,785,156 (2018: \$359,505,816).

The weighted average effective interest rates at the reporting date were, as follows:

	<u>2019</u>	<u>2018</u>
	<u>%</u>	<u>%</u>
US\$	2.10	1.14
J\$	<u>2.37</u>	<u>3.02</u>

14. CASH AND CASH EQUIVALENTS

	<u>2019</u>	<u>2018</u>
	<u>\$</u>	<u>\$</u>
Cash in hand - J\$ Currency	75,000	75,000
Bank balances - J\$ Currency	<u>59,962,971</u>	<u>68,070,135</u>
	60,037,971	68,145,135
Bank balances - J\$ equivalent of US\$	<u>232,567,492</u>	<u>237,043,444</u>
	<u>292,605,463</u>	<u>305,188,579</u>

The weighted average effective interest rates at the year-end were as follow

	<u>2019</u>	<u>2018</u>
	<u>%</u>	<u>%</u>
Cash at bank - US\$	1.45	1.07
- J\$	<u>1.86</u>	<u>2.82</u>

SPECTRUM MANAGEMENT AUTHORITY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2019

15. SHARE CAPITAL

	<u>2019</u>	<u>2018</u>
	\$	\$
Authorized - 100 ordinary shares of no par value		
Issued and fully paid - 2 ordinary shares of no par value	<u>20</u>	<u>20</u>

16. CONTRIBUTED CAPITAL

	<u>2019</u>	<u>2018</u>
	\$	\$
(i) Government of Jamaica	79,999,980	79,999,980
(ii) Government of Jamaica	<u>64,700,386</u>	<u>64,700,386</u>
	<u>144,700,366</u>	<u>144,700,366</u>

- (i) This represents funds advanced to Spectrum Management Authority Limited through Cable & Wireless Jamaica Limited in lieu of licence and spectrum fees as per heads of agreement between the Government of Jamaica and Cable & Wireless Jamaica Limited in 1999, Clause 7.4.4 and 7.5. These funds were used to finance the start-up operations of the company.
- (ii) This represents funds received from the Government of Jamaica to finance the company's capital programme which formed a part of the first phase of the company's two year business plan which commenced in the financial year 2004/2005.

17. DEFERRED CAPITAL GRANT

This represents the proceeds of funds paid to Spectrum Management Authority Limited by the Government of Jamaica, arising from a retention from the gross spectrum licence fees for a domestic mobile spectrum licence issued in March 2014. These funds are to be used to carry out capital expenditure geared towards improving the technical capacity of the company to monitor the use of the spectrum and to ensure that licensees have unencumbered access to the spectrum. Amounts are transferred from deferred capital grant and recognized in profit and loss in each and succeeding years based on the incremental increase in depreciation resulting from new capital expenditure on spectrum monitoring equipment from these funds.

SPECTRUM MANAGEMENT AUTHORITY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2019

18 PAYABLES

	<u>2019</u> \$	<u>2018</u> \$
Tax Administration Jamaica:		
Spectrum licence fees	284,477,083	296,539,193
Accruals	<u>20,874,891</u>	<u>18,492,990</u>
	305,351,974	315,032,183
Customers' deposits	<u>798,378</u>	<u>2,358,350</u>
	<u>306,150,352</u>	<u>317,390,533</u>

Customers' deposits represent regulatory fees received in the month(s) prior to when the validity periods of the respective renewal licence(s) will begin.

Movement in spectrum licence fees:

	<u>2019</u> \$	<u>2018</u> \$
Balance payable at beginning of year	296,539,193	49,748,982
Spectrum licence fees received	1,134,245,889	1,885,225,420
Spectrum licence fees paid	<u>(1,146,307,999)</u>	<u>(1,638,435,209)</u>
Balance payable at end of year	<u>284,477,083</u>	<u>296,539,193</u>

Spectrum licence fees payable represents amounts due to the Government of Jamaica (GOJ) recognised at the time they are received from customers, and are reflected as a "pass through" in the company's accounts. Normally, fees collected in any month are remitted to the Consolidated Fund in the subsequent month except for domestic mobile licences. All funds collected for the domestic mobile licences are remitted immediately in the month of collection to the GOJ Consolidated Fund, however for an amount of US\$1,800,000 that was collected from Symbiote Investments Limited remains in payable, pending a directive from the Minister responsible for telecommunications.

19. DEFERRED INCOME

This is the unearned portion of regulatory fees that are billed during the financial year and represents the entire, or the proportionate number of months, of the validity period of applicable licences which fall outside the financial year.

Movement in deferred income:

	<u>2019</u> \$	<u>2018</u> \$
Balance at the beginning of year	104,460,967	58,876,965
Add: Amounts invoiced during year	398,908,946	373,891,533
Less: Transfers to revenue (Note 6)	<u>(375,826,173)</u>	<u>(328,307,531)</u>
Balance at the end of year	<u>127,543,740</u>	<u>104,460,967</u>

SPECTRUM MANAGEMENT AUTHORITY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2019

20. RELATED PARTY TRANSACTIONS AND BALANCES

The following transactions were carried out with related parties:

(a) Compensation of key management personnel

	<u>2019</u>	<u>2018</u>
	<u>\$</u>	<u>\$</u>
Salaries and other related costs:		
Key management personnel	<u>46,527,332</u>	<u>42,369,946</u>
	<u>2019</u>	<u>2018</u>
	<u>\$</u>	<u>\$</u>
Directors' fees:		
Board Chairman	165,000	195,000
Committee Chairman	150,000	165,000
Board members	630,000	675,000
Committee members	<u>157,500</u>	<u>175,500</u>
	<u>1,102,500</u>	<u>1,210,500</u>

(b) Related party balances:

(i) Included in other receivables are:

	<u>2019</u>	<u>2018</u>
	<u>\$</u>	<u>\$</u>
Due from related companies or agencies:		
Universal Service Fund	<u>-</u>	<u>503,906</u>

(ii) Included in payables is an amount of \$284,477,083 (2018: \$296,539,193) payable to Tax Administration Jamaica.

21. CAPITAL COMMITMENTS

As at the reporting date, the company had capital commitments totaling \$10,915,873 made up as follows:

- (i) \$95,829,582 has been committed towards the radio monitoring and direction finding system project, of which \$86,234,277 was spent, leaving an outstanding balance of \$9,595,305.
- (ii) \$10,256,096 has been committed towards the remote sites preparation to house the instruments and monitoring equipment, of which \$8,935,528 has been spent, leaving a balance of \$1,320,568.

SPECTRUM MANAGEMENT AUTHORITY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2019

22. LEASE COMMITMENTS

The company has unexpired lease commitments under operating lease payable as follows:

	<u>2019</u>	<u>2018</u>
	\$	\$
Due within one year	8,066,194	6,954,199
Exceeding one year	<u>40,780,970</u>	<u>39,518,896</u>
	<u>48,847,164</u>	<u>46,473,095</u>