



## **IMMEDIATE PRESS RELEASE**

### **Response to article titled “Union VP: URCA to blame for BTC’s high rates”**

The Utilities Regulation & Competition Authority (URCA), the electronic communications regulator of The Bahamas, seeks to inform and educate the public on issues that relate to the electronic communications sector and in doing this, URCA is responding to an article that appeared in the Nassau Guardian, 13 December with the headline “Union VP: URCA to blame for BTC’s high rates,” where Mr. Rex Grant, the Area Vice-President of the Bahamas Communications and Public Managers Union (BCPMU) made numerous inaccurate statements about URCA.

In the interest of consumers and other stakeholders it is imperative that accurate information is communicated so that there is no distortion of the way URCA regulates.

Prior to 1 September 2009, when the Communications Act came into force and URCA acquired a new mandate, it is URCA’s view that it was BTC’s commercial decision not to reduce rates so as not to impact on the financial returns or employment. Mrs. Kathleen Riviera-Smith, Senior Case Officer and person in charge of retail price regulation at URCA, said “the current high rates of incumbent operators are an outcome of long-standing social and telecoms policy in The Bahamas and internationally. Historically, the incumbent financed network rollout/investment of the access network (fixed lines) through high International Long Distance (ILD) charges (and more recently mobile). Additionally, high rates in monopoly markets typically mask inefficiencies within the incumbent operator; this experience was a global trend, and The Bahamas is no exception.”

Additionally, URCA’s experience in regulating BTC indicates that BTC has often viewed rate decreases in the context of tariff rebalancing (where rates of some services need to increase where such services are below cost); therefore, it is the need and or desire to maintain overall returns, whilst providing some services below cost, and others above cost, that is the biggest barrier to reduction of rates by BTC, as evidenced by the fact that fixed and mobile rates have not changed for the better part of last 4-5 years.

Under the new regime, URCA would prohibit rate decreases only if they are proven to be anti-competitive (i.e. provided below cost so as to damage competition in the market). Therefore, for example, if BTC chooses to independently reduce mobile calling rates today, and the proposed rates are not anti-competitive, and in accordance with retail price rules, Mr. Usman Saadat, CEO said “URCA and all Bahamians would welcome the reduction of such rates.” However, there are no regulatory impediments imposed by URCA to entertaining rate rebalancing proposals.

URCA in carrying out its function under the Comms Act, is required to act in a transparent manner. Therefore, all consultations, results and decisions are published on the URCA website at [www.urbahamas.bs](http://www.urbahamas.bs).

Therefore, URCA invites and encourages interested parties to be informed, and to participate in the decision making process where it may affect you, the consumer so that there is a better understanding of the regulatory regime.