



cablebahamas

THREE YEAR STRATEGY & ANNUAL PLAN FOR 2013

ECS 27/2012

**Submitted to the
Utilities Regulation and Competition Authority**

February 1, 2013

Cable Bahamas Ltd, Caribbean Crossings Ltd. and Systems Resource Group Limited (collectively, “the Companies”) hereby submit their comments on the draft Three Year Strategy and Annual Plan for 2013.

The Companies believe that 2012 has certainly been the year of raising URCA’s public profile. The Companies are happy to engage in a properly conducted and reasonable public consultation process and with the recent appointments we trust that the collegiality will continue.

1. URCA’s Budget & Fees

We are certainly pleased to note the reported overall decrease in URCA’s budget. We were unable to reconcile the figures in the 2012 budget with those reflected under 2012 in Table 6. The 2013 budget allocation for staff costs does not seem to take into account the proposed increase in staff complement.

2. WORK PLAN

URCA has set out its proposed Planned Projects Start and End Dates.

We note URCA’s emphasis on consumer protection. We are eager to work with URCA in improving the customer experience. It is our philosophy that objective and reasonable standards results in a better relationship and clearer expectations among all parties.

Infrastructure Sharing

We have observed that a consultation on infrastructure sharing is not listed as a planned project for 2013. We would suggest that given URCA’s award of the spectrum in the 700 MHz band with its attendant roll-out requirements and the overall importance of wireless technology in the electronic communications sector that it will be useful to have a consultation on infrastructure sharing.

ECS Policy for 2012 – 2015

The Companies are concerned about the lack of a revised ECS Policy for 2012 – 2015 and any official notification that the policy has been extended. We understand that it may be URCA’s view that the impetus for the policy should emanate from the responsible Minister. The policy expired in early October and it is now four (4) months later and no consultation with stakeholders has occurred. The Companies consider that the Communications Act (the Act) was drafted such that URCA would have consulted with stakeholders on the policy, formulated and presented a revised draft policy to the Minister. If the Minister failed to start a consultation with URCA then after the prescribed time, a new policy would come into effect. It seems the Act contemplated the current situation and sought to provide a solution.

SMP in Call Termination

The Companies repeat last year's comments that a consultation relating to determining SMP in Call Termination should be given a very low priority. It need only be addressed if and when problems arise in respect of the pricing of fixed termination by operators other than BTC. For the time being, the relatively small shares of BTC's competitors, their consequently higher unit costs, and BTC's considerable degree of countervailing buyer power make the need for a market review in this area a matter of third-order importance, which can be postponed unless any issues develop.

Regulation of Retail Prices for SMP Operator - Rules

We suggest that changing the regulation relating to retail pricing should be given a higher priority. The process is inefficient and inhibits operators' ability to react quickly to opportunities which can benefit consumers. The process requires URCA to involve itself in an operator's decision to change prices whether it is through a promotion, permanent price change or introduction of new services. The process is invasive, time consuming, arbitrary and expensive. We reiterate the statements of the Committee for the Privatisation of the Bahamas Telecommunications Company ("Committee"):

The present regime for retail price regulation and its discretionary nature is unsuitable for use in modern, competitive communications market. The implementation of a new regulatory regime for communications in The Bahamas provides an opportunity to introduce new policies for the regulation of retail prices.¹

Rate Rebalancing

The continued provision of fixed telephony below costs is a matter that URCA needs to address. Certainly if the cellular mobile markets are foreclosed to other licensed operators than the electronic communications market competitive landscape is skewed heavily in favour of the dominant voice operator.

Competition Complaints

For participants in the electronic communications market, it is important that URCA acts in a timely manner when dealing with complaints generally and competition complaints specifically. Competition complaints have major commercial implications. Dilatoriness acts as a barrier to entry by increasing the cost of doing business. It is our position that competition complaints need to be completed timeously².

¹ Public Consultation on Retail Pricing Regulation in the Communications Sector ('Retail Pricing Consultation') – publication date 17 June, 2009.

² While not competition complaints – URCA issued two Final Decisions on 15 January 2013 on complaints lodged at the beginning of May 2012.

Public Consultation

We noticed that the responses to the SuperBasic Price increase application were never published on URCA's website. This was an unprecedented departure from all of URCA's previous consultations. The Guidelines on the process of public consultation³ has an Annex which illustrates how the Consultation process will work and includes a stage for publication of responses. It would seem that in circumstances in which URCA is departing from an established course of conduct, it should notify the public and disclose the reason expeditiously.

Other Suggestions

URCA should consider holding the public meeting on its Annual Operating Plan as part of the consultation process. It would appear to us that the general public should be engaged early rather than later when the matter is a fait-accompli.

We also suggest that URCA conduct and publish more research on the electronic communications sector. It is our contention that this will create fundamentally improved policies and decisions which are fit for purpose.

CONCLUSIONS AND NEXT STEPS

The Companies look forward to working with URCA and other industry stakeholders in this continuing process.

Respectfully submitted



Judith Smith
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³ Draft Consultation Procedure Guidelines (ECS 01/2009)