CBL GROUP RESPONSE

TO

URCA's DRAFT ANNUAL PLAN 2025

URCA 08/2024
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1) INTRODUCTION & GENERAL COMMENTS

1.1) Introduction

Cable Bahamas Ltd. (CBL) and Be Aliv Limited (Aliv), (together the CBL Group/the Group) embrace the opportunity afforded by the provisions of the Utilities Regulation and Competition Authority Act, 2009, as amended, (the URCA Act) and the Communications Act,2009 as amended (the Comms Act), and facilitated by the Utilities Regulation and Competition Authority (URCA) , to provide comments on the 2025 draft Annual Plan (draft AP) prepared by URCA for the Electronics Communications Sector (ECS), the Electricity Sector (the ES) and the new Natural Gas Sector (NGS).

An Annual Plan (AP) sets the tone and direction for the regulated sectors, including the ECS for the calendar year 2025. In the CBL Group's Response to the 2024 draft AP, the year was referred to as a "catch up" year, with the expressed expectation that 2025 would be more dynamic and forward-looking. However, given the number of carryover projects included in the 2025 draft AP, it appears that there are still significant challenges to address. We respectfully question whether URCA's draft 2025 AP is overly ambitious given the current manpower and facilities available. It is important for URCA to realistically assess its capacity to ensure successful implementation and avoid overextending its resources.

URCA's performance in 2024 has shown areas for improvement, with instances such as the last-minute Licence Renewal Public Consultation (PC) and an unplanned PC on the regulatory framework for LEO Satellite licensing.

The CBL Group understands that in a dynamic industry, unplanned interventions may occasionally arise. However, there is a growing concern about the increasing frequency of unanticipated Public Consultations being introduced to Licensees who are already managing substantial workloads. It would be beneficial if URCA could provide advance notice when preparing documents for consultation. The unexpected introduction of unplanned Public Consultations, without prior notification, has led to overlapping consultations, as observed in 2024, where there were two instances of three consultations occurring simultaneously, creating significant operational challenges for Licensees.

Additionally, it is recommended that URCA takes into consideration the traditional global industry holiday periods, such as August and mid-December to early January, during which resources may be limited. To ensure Licensees can provide responsible responses, a minimum response period of six weeks should be allowed. Recognizing and accommodating these industry practices would greatly enhance the management of PCs by URCA.

The somewhat inconsistent approach to the issue of planned and unplanned Public Consultations is a source of considerable frustration for Licensees, who have businesses to manage, revenues to generate, and staff to motivate. For URCA to expect first-class responses, it must properly schedule Public Consultations and adhere to the Plan. Falling behind or making unplanned changes undermines the Plan's effectiveness and adds unnecessary strain to the sector.

URCA has been conducting extensive (?) renovations over at least the past six months with URCA's staff out of office and working from home even though the July 15th 2024 Notice on URCA's website indicated 90 to 120 days. The unavailability of the office for an extended period comes with challenges to the sector and can also be disruptive and unsustainable in the long term and we trust that URCA's employees will return to the office soonest.

Once again, the CBL Group's concerns remain inadequately addressed. However, the Group acknowledges two positive outcomes from its Response to the 2024 draft Annual Plan by URCA. Firstly, URCA has shown openness to the suggestion of placing fines paid by Licensees into a Universal Service Fund rather than the government Consolidated Fund. Secondly, URCA has made progress in transparency by publishing Starlink's Class Operating Licence on its website and engaging in discussions on Satellite regulations, as consistently queried by the CBL Group. This transparency brings clarity to the licensing of the first satellite network, despite the fact that Starlink's service locations were not restricted in its licence schedule.

The CBL Group notes with concern that URCA often attributes responsibility or blame to the Licensee when responding to inquiries and observations, rather than addressing its own shortcomings. Additionally, the explanations provided by URCA sometimes lack credibility, which does not foster confidence in URCA's work.

1.2) General Comments

The list of issues raised by the Group in prior years remains and is growing. The list includes:

1. The considerable increase in URCA's ECS Annual budget year over year raises concerns regarding fiscal responsibility and awareness or lack thereof of the cost implications for Licensees. It is essential for URCA to demonstrate a careful and balanced approach to budgeting, particularly given the financial pressures on Licensees to provide state-of-the-art emerging technologies and to bridge the digital divide in the Family Islands. There is a perception that URCA's actions, rather than facilitating the industry's growth, could potentially undermine it. A more collaborative approach, including considering constructive criticism from Licensees and adjusting the draft budget to reflect cost savings, would be beneficial. Furthermore, ensuring that any residual budget funds are used for the benefit of the industry rather than redirected to the Public Treasury would demonstrate a commitment to supporting the sector's development.
2. An example of this Budget insensitivity is URCA's surprise announcement that it intends to establish a Northern Bahamas satellite Office in Grand Bahama to establish "a Presence" and to address the unique concerns there. The Group views this move as a significant and unnecessary financial burden added to the URCA Budget. In an era of virtual offices and meetings the Group does not support this added financial burden on Licensees. And the failure to attend to Licensee concerns notwithstanding that Licensees fund URCA's very existence and therefore should have more influence into a draft Budget than providing a Response that is consistently ignored is concerning and needs to be addressed.,
3. The unplanned PC on the framework for LEO satellites is a source of much concern to Licensees. A very new and fast evolving technology requires time for examination and consideration prior to the establishment of a regulatory framework, particularly as

both regulators and providers globally grapple with such unprecedented non-terrestrial technology for which there are no templates or precedents. The haste with which URCA is pushing through this PC is a cause for alarm in the industry and will inevitably result in less than desirable impacts on licensed providers of terrestrial networks. The Group urges URCA to reduce the pace as the LEO satellite licensing framework is already compromised by the licensing of Starlink in a vacuum in 2023.

4. Yet again the CBL Group calls for the amendment to the URCA Act (Sections 18 and 20 in Part IV on the appointment of Board members) which results in significant financial payments to dismissed Commissioners who have not been allowed to serve out their complete term of appointment due to a change in Administration. The URCA Board is every five years being treated as any other government board rather than observing the requirements of the URCA Act for staggered appointments which cross over into administration changes to ensure continuity. The result is an additional and unnecessary financial burden on Licensees every five years which is unconscionable and requires salary payments for working and non-working Commissioners. URCA's response in its Statement of Results and Final Determination in the 2024 draft Annual Plan (ECS 2/2024) that the matter is out of URCA's hands and is a government responsibility is a flimsy excuse which allows the ongoing abuse to persist. The Group is satisfied that as it has done with past amendments, URCA does have sufficient influence with the administration to cure this abuse and it must do so forthwith.
5. While URCA's emphasis on Consumer Protection as a major objective is acknowledged, there is a concern that this focus may sometimes overshadow the need for a balanced approach that also considers the interests of Licensees. Similarly, with the Quality of Service standards, it appears that URCA may not fully appreciate the critical inter-dependencies between telecoms Licensees and the electricity supply, as well as other telecoms Licensees with which the Group interconnects. URCA's apparent reluctance to intervene in these areas, which can significantly impact both Licensees and customers, is concerning. Additionally, it is disappointing to note the absence of references to the reliability and resiliency of the electricity supply or the imposition of fines or penalties on electricity providers for their poor quality of service, which directly affects the quality of service provided by the Group.
6. Finally, URCA continues to present its Key Performance Indicators (K.P.I.s), which remain vague, lack measurable outcomes, and are often subjective. Additionally, there is no established framework for incorporating industry feedback into these metrics. Until URCA adopts a more rigorous and accountable approach to K.P.I.s, it is unlikely to achieve the necessary improvements to fulfill its vision and mission effectively. A commitment to clear, measurable, and transparent K.P.I.s, coupled with active industry engagement, will be essential for URCA to gain the trust and collaboration of stakeholders and to drive meaningful progress within the telecommunications sector.

2) <u>STRATEGIC OUTLOOK FOR 2025</u>

URCA emphasizes its commitment to its vision of becoming "a globally respected regulator championing the interests of people in The Bahamas and of the sectors we regulate," while maintaining its stance as "the independent regulator." The CBL Group believes that URCA should be mindful of its image within the sector and strive to embody these objectives. As URCA itself states: “A critical factor in achieving our mission is restoring confidence among stakeholders in URCA’s ability to contribute to national development.” (Draft AP at page 6).

The Group acknowledges the importance of strengthening leadership principles and ensuring a robust, skilled, and stable team. There are concerns within the industry about the declining standards at the regulator, as evidenced by the quality of recent PC documents. Queries to URCA in this regard often receive responses that may downplay the importance of such clarifications. Any perceived loss of confidence in the regulator could impact the trust and respect relationship with Licensees, which is essential for a collaborative and harmonized sector. Therefore, it is crucial for URCA’s leadership to address these concerns promptly and treat Licensees as respected peers.

As a part of rebuilding a new URCA leadership team the CBL Group would like to propose a secondment programme for relevant URCA staff to spend time with the Individual Licensed Operators (IOLs) in order to develop an appreciation for the depth of the industry and its challenges which they seek to regulate. This exposure would be invaluable in building leadership qualities and to give confidence to the industry that there is some level of understanding as to what it is exactly that providers do thereby creating a nexus between the bureaucratic and the practical worlds and lessening the bureaucratic red tape.

2.1 Connecting Gaps and Expanding Regional Presence

URCA’s approach to addressing connectivity gaps by establishing more physical offices introduces an additional financial burden to Licensees, particularly during a time when fiscal responsibility is paramount. In this era of digitization, exploring modern alternatives that leverage new technologies to maintain a "presence" would be more prudent. The proposed establishment of a physical satellite office in Grand Bahama (GB) to serve the Northern Bahamas appears unnecessary. The Group believes the objective could be effectively achieved through a virtual office complemented by periodic on-site visits as required. It is also concerning that these costs have been included in the 2025 draft Budget as an immediate expenditure without prior consultation with Licensees.

The Group observes that the term "regional" is used in different contexts within this PC document, sometimes referring to areas within the Bahamian archipelago and at other times to the Caribbean region. To avoid confusion, it would be advisable for URCA to use a more specific term, such as "domestic," when referring to in-country locations.

2.2 International Engagement and Multi-stakeholder Collaboration

The CBL Group supports URCA’s initiatives in this arena. An essential component of telecommunications regulation is the global outreach and syncing up of standards and practices, rules and regulations and the strategic objectives in this regard are appropriate,

2.3 Measuring Organization Performance

The introduction of the OPIs (Organization Performance Indicators) in 2024 has been a significant development since its initial mention in 2021. The anticipated benefits of the OPIs (as detailed in Table 4.5 on page 7 of the draft AP) for enhancing URCA's performance will likely become evident by 2026. It is noteworthy that, in its Statement of Results (ECS 02/2024), URCA incorporated Mr. Samuel S. Thompson's suggestion to include a column for the OPI units within the KPI tables to provide a clearer understanding of URCA's performance metrics.

3) URCA's PRIORITIES FOR 2025

3.1 General Comments

The 2024 draft AP was described by the Group in its Response as a "catch up" Plan (page 3) which is understandable at interim periods of time, however the Group's review of the 2025 Draft AP has concluded that 2025 also appears to be a "catch up" as in URCA's words "…it reflects a strategic commitment to address carry over projects". (page 9)

Of concern is URCA's reference to the 2030 UN/ITU Sustainable Development Goals (SDGs) which URCA states are at a mere 15% of target towards the 2030 deadline globally, and whilst URCA refers to the digital divide remaining critical to the acceleration of progress, URCA makes no mention of the progress to date of The Bahamas towards meeting its SDGs to which the government reaffirmed its commitment in the 2024 -2027 ECS Policy.

The government has instructed URCA to strengthen its relationships with regional (referring to the Caribbean) and international organizations through the said ECS Policy (page 13). This is a commendable objective in connecting the country's ICT development to the global ICT eco-system, however, we caution that mere attendance at international and regional conferences is for naught if there is no transfer of knowledge gained and no action plan. URCA should give consideration to an internal unit which will ensure that international and regional standards, benchmarks and actions are incorporated into URCA's work plans and that there is a sync up with the relevant government ministry unit e.g. the newly established (in early 2024) of the ECS Digital Transformation Unit in the Ministry of Economic Affairs. The Group was pleased to learn that in early December 2024, this unit launched the National Cybersecurity Strategic Plan with the involvement of international partners. It is hoped that telecoms providers will be involved with this plan and concomitant legislation. In support of these goals URCA anticipates industry development and policy and regulation changes and seeks timely adoption of emerging technology and facilitating knowledge sharing with policymakers, regulators and key stakeholders in the development of a digital eco-system. The Group again cautions the need for Action Plans inclusive of timelines in order to ensure that such intentions become a reality.

The Group fully supports URCA's active participation in key industry international forums in order to facilitate the focus on regulator practice and principles and to strengthen regional alliances in order to improve representation and advocacy at global forums, all critical to improving the general lack of understanding of the importance of the telecommunications industry in undergirding the socio-economic progress of the country. The inclusion of mentorship for Bahamian delegates referred to by URCA will also be beneficial although it is unclear who said delegates are likely to be.

3.2) Corporate and Consumer Relations

URCA's strategic priorities for 2025 are aimed to be broad and impactful with connectivity outreach, publicized youth engagement and incorporating stakeholder feedback. With an expanding focus on youth (the ICT Youth Ambassador Programme etc.) and Family Island outreach, URCA must be cautioned not to neglect its primary focus and that is public consultations and stakeholder engagements to provide the foundations to advance the digital transition of the nation and more progressive and liberal regulatory measures.

URCA's reference to its website upgrade is acknowledged. It appears to be a work in progress, and we recognize the challenges it may present for those seeking information. The Group suggests considering a timeline for completion, as the website contains essential information for Licensees and the general public.

3.3) Data Group and information Management (DGIM)

One of URCA's priorities for 2025 involves establishing a unit dedicated to developing comprehensive policies and processes to ensure data accuracy, consistency, reliability, and integrity. It is our hope that this initiative will be implemented efficiently without necessitating additional reporting requirements.

3.4) North Bahamas Office

A priority in the first trimester of 2025 is the establishment of a Northern Bahamas Office (NBO) for Grand Bahama, Abaco, Bimini, and Berry Islands. While the intention behind this initiative is acknowledged, the CBL Group respectfully asserts that this additional cost to be imposed on Licensees is unwarranted. URCA can effectively secure engagement through virtual presence, periodic visits, and a combination of virtual meetings and forums. Establishing a physical office with staff introduces an unnecessary financial burden on Licensees that could be better managed through more cost-effective strategies.

3.5) URCA's General Priorities 2025

The Group acknowledges URCA's three primary internal priorities, as well as the initiatives supporting digital transformation that commenced in 2024. While recognizing the ongoing nature of these projects, we respectfully encourage a timely demonstration of progress and tangible outcomes.

3.5.1 Project Description and Progress Updates

The immediately previous paragraph(3.5) similarly applies.

4) ECS PRIORITIES: 2025

URCA lists 9 priorities for 2025 to build on the initiatives of the 2024 AP. In this section the Group adds its comments to URCA's stated plans and intentions:

(i) The management by URCA of the Communications Licence Fee Reduction is crucial. However, before this management can be effectively implemented, a clear qualification and application process, along with a comprehensive guidance roadmap, must be established for Licensees. The current process is unclear, cumbersome, and causes frustrating delays for Licensees.

(ii) Encouraging investments in new technologies: while this priority is recognized, additional details would be beneficial. It is important to clarify whether this task falls within URCA's purview or if there are other more immediate priorities that require attention.

(iii) The implementation of a framework to support the roll out of 5G services. It is interesting to note that in comparison a similar roadmap was not implemented for the licensing of satellite operators prior to the licensing of Starlink. The Group urges URCA to give close attention to the position taken by the CBL Group to 5G services in the public consultations on same to date.

(iv) The regularization and codifying of the licensing framework for satellite based service providers. (The Group has clearly stated its position on this priority above in this consultation response).

(v) Enhancement of basic communications services to bridge the digital divide. Again, insufficient information on the manner in which URCA intends to address this priority,

(vi) The review of Universal Service Obligations (USOs) is long outstanding and crucial task. Given the numerous upgrades and changes in the sector throughout the archipelago, it is imperative that the USOs be reviewed and adjusted based on current data.

(vii) Evaluating the potential advantage of a Universal Service Fund: again, a perennial carry over tied to the work needed on updated USOs.

(viii) Developing regulatory guidelines to define best practices and policies for Public Electronic Communications networks and services aimed at the protection of consumers and information from unauthorized access, misuse and theft. This appears to involve Cybersecurity. Again, more information is needed to comment effectively on what is a new priority.

(ix) Ensuring the reliability of service providers throughout the archipelago by monitoring compliance with the Outage Reporting Mitigation Report (ECS 07/2024) – The Group urges consideration of the impact of electricity outages on quality of service provision by providers as well as issues on the consumer side (not relating to the provider)which can impact the quality of consumers' connectivity.

4.1 Project Descriptions and Progress Updates

URCA describes the 2025 AP as a mixture of planned carryover projects and a few new projects arising out of the 2024 consultation results amounting to six items which URCA states it will focus on completely. The result is that there are 5 carry over and 5/6 main new projects in addition to ancillary work projects. Firstly: 1) Implementing remedies on the Fixed

Market Review; 2) The QOS Framework; 3) The USO Framework review; 4) The National Spectrum Plan; 5) ICTs for Persons with Disabilities…which has faced significant delayed for years and 6) The development of a Satellite Regulatory Framework.

4.2 New Projects:

1) Implementation of the 5G regulatory framework
2) Review of the Infrastructure Sharing Regulations: The Group urges URCA to bring focus to the sharing and interconnection of submarine cables.
3) Consultation on a Roadmap to Enable 5G: The Group raises concern about the feasibility of this initiative without critical decisions on shared networks and external funding, including Public-Private Partnerships (PPPs).
4) Guidelines on Cybersecurity for Public Electronic Communications Networks and Services: this is overdue and critical and essential and must be developed in line with Government policy and legislation. Again, the new National Cybersecurity Strategic Plan under the remit of the Ministry of Economic Affairs' Digital Transformation Unit should be a part of this consultation and project. Certainly, the ECS has a role to play in the establishment of the necessary policy and legislation
5) A regulatory framework for satellite based Electronic Communications services. See comments prior.
6) A review of USO and USF which are ongoing carry overs. The Group queries whether the data gathered is now obsolete.
7) The National Spectrum Plan 2024-2027. This is important given the new satellite technology and services and 5G.
8) The implementation of 5G services: The timing of this implementation is dependent on the providers and not solely on URCA.
9) Regulatory measures to govern the deployment and operation of 5G networks: the Group is uncertain as to what this project would entail
10) ICTs for Persons with Disabilities. We assume that previously gathered data requires updating.
11) A review of network QOS with a focus on Family Island issues on reliability will drive this project. Again, interconnectivity of networks must be a consideration.
12) Implementation of remedies for Fixed Market and Pay ATV Review: further investigation as to why there is a lack of consumer switching between service providers.
13) Review of Infrastructure Sharing Regulations: The Group would ask that submarine cables are included.
14) 14)Policies to safeguard the integrity and availability of public education
15) The review and amendment of URCA's fee schedule.

The list above certainly outlines a very demanding and comprehensive plan of projects. Managing and working through these projects will require considerable diligence on URCA's part. Given the past several years' practice of including ad hoc unplanned public consultations, as well as the ambitious objectives surrounding international, regional, and local stakeholder engagements, it is prudent to question the feasibility of completing these projects on schedule. We must consider how realistic the 2025 project schedule is, especially with new hires facing a learning curve. Overall, this is an extremely challenging work plan for 2025.

5) ELECTRICITY SECTOR

The ES priorities for 2025 are also important, given that the 2024 projects were deferred to 2025 due to the enactment of the 2024 Electricity Act. The Group recommends that URCA focus on ensuring a resilient and reliable electricity supply nationwide and establish QOS standards that align with those of the ECS, which depends heavily on the ES for its own QOS metrics.

It would be beneficial and informative to receive a response from BPL regarding these draft Annual Plans, particularly in relation to their proposed projects and budget. We are interested in understanding whether URCA is encouraging BPL to engage in this process.

6) URCA's K.P.Is

URCA's KPIs remain a point of concern, with Licensees collectively expressing the need for a more inclusive and objective evaluation process. They suggest incorporating benchmarks against measured KPIs, such as delayed and missed projects, rather than solely focusing on accomplishments. Without this opportunity, Licensees will continue to use the Response to the draft Annual Plans to voice their concerns regarding various aspects of URCA's performance.

In its April 2024 Statement of Results and Final Decision (ECS 02/2024), URCA recognized the CBL Group's and BTC's "constructive feedback", and stated that it had "formulated a comprehensive and proactive approach to address criticism " (page 17). URCA's also emphasized its commitment to transparency, stakeholder engagement and continued improvement of the regulatory framework. URCA justified the completeness of its KPIs by referencing the "intimate involvement of both major Licensees in the OPI process" and stated that their advice "significantly informed the actions".(page 17). The introduction of the OPIs was delayed due to the Covid epidemic and is finally included in the 2025 draft AP although results will not be available until April 2026 in the 2025 Annual Report. The expectation of the Group is that the OPIs will be of some assistance to understanding costs and budgets. URCA also stated that pursuant to the recommendation of respondent Mr. Samuel Thompson, it will include a column for units within the KPI tables in order to give a clearer understanding of URCA's performance metrics and we await this addition.

7) URCA's DRAFT BUDGET FOR 2025

7.1) General Comments

The Section in the Draft Annual Plan on URCA's draft 2025 Budget includes the "discreet" budgets for the ECS, the ES, and the new NGS. It begins with URCA's commitment to "fully account" for its activities as required by Section 4.1(i)(b) of the URCA Act. The Group suggests that this should also explicitly include "and expenditure". URCA is mandated to present a draft Budget for the comments of Licensees, as the Budget forms the basis for calculating several licence fees. Despite this, historically, URCA has shown little flexibility in adjusting the final Budget based on Licensees' feedback on the draft Budget. There is a perception that the Budget is presented as a fait accompli, with minimal consideration for Licensees' requests for adjustments. It is essential for URCA to engage more actively with Licensees' feedback and demonstrate a collaborative approach in finalizing the Budget.

The Group initially expressed its concerns regarding URCA's Statement of Results and Final Decision (ECS 02/2024) in response to CBL's constructive feedback and apprehensions over the rising budget costs. This included a benchmarking exercise to illustrate the relative costliness of URCA's budgets compared to other jurisdictions. URCA attempted to address these concerns by analyzing the Budgets between 2017 and 2024, maintaining that this demonstrated a "balanced approach to financial management with an average reduction in the growth rate of -4.93%." However, this analysis was somewhat misleading given that 2020 and 2021 were exceptional years due to the Covid-19 pandemic, during which Budgets did decrease. Since 2022, however, the Budgets have been increasing significantly.

There is a strong need for URCA to demonstrate cost containment, as the current Budgets appear to reflect ambitious goals rather than practical financial management. The Group calls on URCA to exhibit accountability and good faith towards Licensees by making necessary adjustments to the Budget, which could benefit the ECS and the Commonwealth. The funds currently allocated to exorbitant licence fees could be better utilized for network upgrades and new technologies, thereby securing improved services.

Additionally, the CBL Group would appreciate clarity on URCA's budget management, specifically regarding any overspend or underspend for 2024. This information would be valuable for formulating informed responses to the draft Budget before it is finalized.

7.2) The Combined Budget for Three Sectors

The combined Budget for all three sectors contains only 11 categories of costs, which the Group believes is too few and too broad. Of these categories, only two show a decrease in expenditure year over year: Non-executive Compensation and Field Operations. The former category shows a decrease due to settlement payments made from the 2024 Budget to former Commissioners whose appointed terms were cut short following the 2021 change in government. The Group had requested URCA to address this issue in its 2024 Response due to the significant sums involved, but URCA regarded it as a government responsibility.

The Group once again calls on URCA to use its influence to educate the relevant section of the administration on the term appointments under the URCA Act, which do not align with the Government Ministries Board appointments. Alternatively, Sections 18 and 20 of Part IV of the URCA Act should be amended. This concern was highlighted in the Nassau Tribune's Business Section on March 24th, 2024, under the headline: "URCA Independence Fear Over Directors Termination". The Group questions whose responsibility it is to correct this practice if not URCA's.

The total draft 2025 Operating Budget shows an overall increase of 17% year on year. Justification for this excessive increase centers around new hires, an additional Board member for the Natural Gas Sector and pay rises, concomitant benefit increases for staff and the establishment of an office in Grand Bahama, intended to provide “a regional regulatory presence”. (Page 29 of AP). The Group has earlier critiqued the elaborate proposed Grand Bahama office and has stated its objection and recommendation for an alternate approach.

It would be useful to have an explanation from URCA as to how the total Operating expenditure is allocated across the three sectors and in particular staff costs allocations where there is cross training.

The Professional Services budget has increased by 66% year on year, an unacceptably huge increase explained as due to consultations and regulatory projects and continued litigation before the URCA Tribunal and the Supreme Court. The CBL Group recommends that the anticipated litigation expense is separated into its own budget sub-category and not be lumped together with the very different consultations and projects in order to ensure transparency.

The Consumer Education and PR budget has increased by an exorbitant 118% due to the resumption of Family Island travel deferred in 2024 because of competing priorities, together with funding for surveys and brand audits and community outreach. Such an increase in this category calls for sub-categories break outs, again in the interest of transparency and accountability

7.3) The ECS draft 2025 Budget

The 2025 draft ECS Budget has increased by a notable 22% compared to the previous year, justified by the phrase: “...continued efforts to promote the policy objectives of the ECS.” This explanation, however, lacks clarity. In its 2024 ECS draft Budget Response, the Group reiterated its 2023 Response remarks, stating that URCA: “...had little consideration for the changing financial dynamics of the sector and the challenges faced by licensed operators.” (Page 10, 2024 CBL Group Response). The summary of CBL’s concerns and recommendations regarding the draft 2024 Budget were and remain as follows:

i) The Group respectfully urges the administration to honor the statutory tenure of Commissioners and refrain from prematurely terminating their appointments due to changes in government. URCA was established as an independent and autonomous regulator, intended to function without political interference. It is imperative that URCA itself upholds and safeguards this statutory measure, ensuring its role is not compromised by political transitions.

ii) A call for a more itemized Budget with sub-categories

iii) A demonstration that the cost of regulation in The Bahamas is disproportionate to the size and financial status of the ECS and the returns for Licensees on license fees paid.

iv) The sale of Frederick House which since its purchase has been a source of significant maintenance fees and an albatross for the ECS

v) Noted that URCA’s draft 2024 Budget was determined to be seven times higher than the inflation rate and out of all proportion to the two closest regional benchmarks. (Section on the Cost of Regulation Benchmarked. CBL Group 2024 Response to URCA's draft Annual Plan).

These comments remain relevant for this 2025 Draft Budget

- The ECS draft budget shows a notable increase in overall staff costs. It appears that the new hires in 2025 are primarily replacements due to staff turnover, which should already be accounted for in the 2024 budget.
- The 43% year on year increase in Conferences, Training and Travel is also a cause for concern as whilst the Group does support Training as an important aspect of staff development in a robust industry, we call for a breakaway of Training from Travel and Conferences into a sub-category, again for greater transparency.
- The Group seeks clarification on the allocation of the Field Operations budget, specifically regarding the costs associated with URCA personnel's site visits to England for the Bahamas Maritime Authority (BMA) compliance checks under an MOU of delegated authority. We believe that the BMA, which generates its own revenue, should cover these expenses, rather than the ECS.
- There is also a notable concern regarding the 126% increase in the Consumer Education and Public Relations budget allocation, particularly the sponsorship of the ICT Youth Ambassador Programme. We seek clarification on the objectives of this programme, the responsible parties, and the projected costs. For the sake of transparency, the Group requests that a sub-category be added to the budget to itemize the direct costs associated with this programme.
- The office services budget shows an 85% year-over-year increase, amounting to an additional $116,440.00, which includes finance charges associated with credit facilities. The Group believes that this substantial increase is primarily related to the NBO. We have previously expressed our concerns regarding this expenditure and would appreciate further clarification to better understand the necessity of such a significant allocation.

7.4) Concluding Comments

To reiterate our position on this draft Budget, the CBL Group remains concerned with URCA's approach, which seems not to fully consider the financial challenges faced by Licensees. We would have anticipated no increases in the Budget or at most a modest 5% increase. Instead, we observe an overall 17% increase across the combined three sectors and a 22% increase for the ECS. This raises concerns about fiscal restraint and the justification for such increases.

We urge URCA to recognize that fiscal responsibility is crucial and that any amendments to this draft Budget should reflect prudent financial management. Licensees need assurance that their license fees are being utilized efficiently and effectively. They expect high standards of work and accountability from URCA. In the absence of amendments demonstrating fiscal restraint, Licensees may question the value they receive and demand greater transparency and quality in URCA's deliverables.

8) SUMMATION

Section 6 (Summary) is a repeat and summary of the contents of the draft 2025 AP under the headings of Strategic Priorities; Organizational Priorities; Budget Considerations (note the numbering error) and Stakeholder Consultation and Next Steps (note the numbering error), all of which have been addressed earlier in this Response.

9) CONCLUSION

Respectfully, URCA appears to have used industry-specific language to rationalize its decisions regarding the draft AP projects. However, these explanations often lack substantive details, which can undermine the confidence and trust of Licensees. Licensees feel that their feedback is not fully considered, despite the quality of their responses and their commitment to offering recommendations based on industry best practices and expert guidance. Licensees invest significant time, resources, and finances to respond to URCA's requests and expect their efforts to be met with the appropriate level of respect and consideration.

It is our belief that URCA has significant opportunities to refine its regulatory approach, enabling greater flexibility and commercial freedom for Licensees in mature markets, coupled with fiscally responsible budgets. It is essential for Licensees to have transparency regarding the allocation and expenditure of their funds, and to hold URCA accountable for delivering high-quality performance in return.

Respectfully submitted,

On behalf of CBL and its subsidiaries and Aliv

RESERVATION OF RIGHTS

CBL and its subsidiaries and Aliv expressly reserves all rights including the right to comment further on any and all matters herein and categorically states that CBL and its subsidiaries and Aliv's decision not to respond to any matter raised herein in whole or in part, or any position taken by CBL and its subsidiaries and Aliv herein does not constitute a waiver of CBL and its subsidiaries and Aliv's rights in any way.