

**CBL GROUP RESPONSE
TO
URCA's DRAFT ANNUAL PLAN 2026**

**Issue Date: December 19th, 2025
Response Date: February 6th, 2026**

Submitted: February 6th, 2026

TABLE OF CONTENTS

1) GENERAL COMMENTS.....	3
2) INTRODUCTION.....	4
3) OBSERVATIONS ON URCA'S STRATEGIC OUTLOOK FOR 2026.....	5
4) OBSERVATIONS ON URCA'S INTERNAL PRIORITIES FOR 2026.....	7
5) COMMENTS ON URCA's PRIORITIES FOR 2026.....	8
6) COMMENTS ON URCA's KEY PERFORMANCE INDICATORS.....	12
7) COMMENTS ON URCA's DRAFT BUDGETS FOR FISCAL 2026.....	12
7.1 The Draft Consolidated Budget ,2026.....	12
7.2 The Draft ECS Budget, 2026.....	13
7.3 An Analysis of URCA's Annual Budgets, 2022 – 2026.....	14
8) CONCLUSION.....	18
9) RESERVATION OF RIGHTS.....	19

1) GENERAL COMMENTS

Cable Bahamas Ltd. (CBL) including its Group of Companies (the Group) inclusive of Be Aliv Limited (Aliv) once again welcomes the opportunity to provide constructive commentary on The Utilities Regulation & Competition Authority's (URCA) draft 2026 Annual Plan and Budget, (AP and Budget) which was published on December 19th 2025 with a return date of February 6th 2026.

The invitation for Licensees and other stakeholders to comment on the draft AP and Budget is a statutory requirement for URCA under the Communications Act, 2009. While it may at times be challenging to maintain full engagement in this process, especially when certain feedback considered important by respondents is not always acknowledged and/ or adequately addressed in the Final Statement of Results, the Group remains committed to contributing constructively. On occasions, URCA has incorporated recommendations, and the Group submits this response in the spirit of collaborative dialogue. We are dedicated to supporting the ongoing advancement of the Electronic Communications Sector (ECS) and, by extension, to enhancing the socio-economic wellbeing of The Bahamas and its residents.

The Group wishes to respectfully convey its concern regarding URCA's decision to discontinue the previous practice of engaging in preliminary discussions with Licensees on the draft Annual Plan and soliciting input on topics Licensees deem important for inclusion in the upcoming year's work plan. This change represents a missed opportunity for valuable collaboration and stakeholder engagement, which has historically contributed to a more inclusive and effective planning process. This practice by URCA demonstrated the movement by a regulator to align with the International Telecommunication's Union's (the ITU) Five Generations of ICT Regulation, namely the regulatory practice of Collaborative dialogue and Harmonization and was an invaluable practice for the industry, the Licensees and URCA. It is important for URCA to recognize its role as a facilitator within the industry, supporting Licensees who are the primary drivers of progress. In the current draft AP, URCA has introduced several initiatives for consultation, review, or implementation involving new and emerging technologies. However, there appears to have been limited if any engagement with Licensees to inform them of URCA's intentions or to seek their feedback prior to the announcement of these initiatives in the draft AP. Gathering input from Licensees is essential for the successful implementation of proposed agendas, and proactive, informal communications before formalizing such initiatives could help save valuable time and resources.

The global Electronic Communications industry is currently at the forefront of an unprecedented surge in emerging technologies. This rapid evolution has introduced complex challenges in strategy, policy, legislation, and regulation, placing considerable demands on industry stakeholders. Key advancements including Artificial Intelligence, Robotics, Automation, and Low Earth Orbit (LEO) Satellites transitioning to retail terrestrial services are reshaping the sector. Additionally, the need for robust cybersecurity measures and enhanced data protection, including online safety protocols

to safeguard new technologies, has become paramount. The progression from 5G to 6G, with its associated spectrum considerations; the impact of geo-political shifts; the proliferation of the Internet of Things (IoT); and the ongoing fiberization of telecommunications networks to boost resilience and speed, are all critically influencing this dynamic and highly demanding environment.

The global telecoms communities in 2026 no longer speak financially in terms of millions of dollars but rather in billions and now in rare cases trillions. In this context, it is understandable that stakeholders are increasingly concerned about URCA's approach to budgeting, where annual increases appear to be treated as a given, unquestionably funded by Licensees, and with limited avenues for meaningful accountability beyond the publication of draft budgets and audited financial statements. This pattern, reflected once again in the 2026 draft AP and Budget, places significant strain on Licensees. It is imperative that URCA listens to the feedback and fiscal concerns of ECS Licensees and demonstrates greater financial responsibility.

2) INTRODUCTION

In URCA's Introduction to its draft AP and Budget URCA sets out its five strategic objectives for 2026 and at the Summary Conclusion URCA describes this 2026 AP as setting "out a focused and forward-looking framework across the ecs in fulfillment of its strategic policy objectives". (page 36, Sec 6). All appropriate and as per usual as URCA states that the 2026 approach is to focus on "broader strokes of operational efficiency and value for money for all stakeholders". (page 4, Introduction). The Group respectfully notes that there are significant observations to be made regarding URCA's draft annual Budget for the ECS. Of particular concern is the increase in URCA's overall consolidated operational expenses by 12% year over year, and a notable 43% rise in the ECS operational budget. URCA has characterized these increases as indicative of "prudent financial management" (page 37, Sec. 6.3). However, this assertion raises questions about the extent to which URCA fully acknowledges the financial constraints and regulatory pressures currently faced by ECS Licensees operating in competitive and mature markets. Requiring constant investment in material capex to keep pace with new technologies. There is a concern that URCA may not be sufficiently attuned to these realities or may be proceeding with its budgetary decisions without adequately considering the practical challenges encountered by Licensees. Further the question of what value does licensees and the overall Industry receive as a benefit of these budget increases remains unclear.

The Group will hold URCA accountable to its stated strategic outlook on page 36, Sec. 6.1: "URCA enters 2026 with a clear mandate to modernize regulations across the ecs". We respectfully urge URCA to ensure that these commitments are effectively implemented, reported on and result in meaningful, measurable

outcomes, as their value lies in practical execution rather than solely in documentation.

3) OBSERVATIONS ON URCA's STRATEGIC OUTLOOK FOR 2026

URCA's lofty ambitions in 2026 for its role as the regulator of the ECS the Group submits, whilst commendable are somewhat removed from the practical realities which we have sought to set out in the General Comments above. The Group respectfully urges URCA to prioritize its role as an effective and modern regulator, aligned with best international practices such as those implemented by the European Union, the original reference for the Communications Act and related legislation within the 2009 regulatory framework. Furthermore, we recommend that URCA temper its focus on international engagements, given the substantial volume of critical work to be completed domestically.

URCA has indicated its ongoing commitment to enhancing human capacity by recruiting both "highly qualified emerging professionals", it would be helpful to clarify the criteria for "emerging" professionals—and "seasoned experts" (page 7, Sec. 2.1), with the aim of developing a "modern, future-ready regulator" (page 8, Sec. 2.3). The Group respectfully inquires whether URCA's modernization efforts within the ECS are clearly defined, and which specific aspects are being prioritized. This strategic objective is particularly significant for both URCA and its Licensees, including Individual Operating Licensees, who may experience growth limitations due to onerous and sometimes unnecessary regulations.

The Group respectfully advises URCA to remain vigilant against the risk of organizational expansion resulting in the recruitment of underqualified personnel. To support workforce development and safeguard URCA's investment in employee training, the Group suggests considering the implementation of a bonding agreement, whereby individuals who receive substantial training would commit to a defined period of service with URCA. Additionally, the Group trusts that a thorough and rigorous interview process is in place to ensure the selection of highly qualified candidates, recognizing the intellectual demands of the industry.

When URCA speaks to "leading transformative change" (page 7, S,2.1) the Group is minded to inquire whether the more appropriate term should be "enable" as surely it is the Licensees on the ground who directly lead change. It is important to recognize that while URCA fulfills its role as a regulatory authority with a focus on policy and strategic oversight, telco Licensees are engaged in the practical realities of daily operations and are directly responsible for implementing transformative changes within the sector. Acknowledging this distinction is essential to fostering a collaborative and mutually respectful relationship between URCA and Licensees.

Again, URCA refers in its crafting of a new strategic vision to have a clear mandate to "modernize the sectors we oversee" (page 8. Sec.2.2). In the ECS, the Group,

and we are certain other Licensees, will also regard this modernization effort as the relaxation of regulatory rules and oversight particularly in retail broadband services which has become even more highly competitive in the past 18 months with the advent of satellite retail broadband services across the archipelago (and taking into consideration the extensive responses to the Satellite Framework public consultations of 2024 and 2025) and additionally, cellular mobile services which remain regulated notwithstanding the fact that URCA has removed the Significant Market Power designation from cellular mobile services.

Again, in URCA's strategic objectives to support major international initiatives, the participation must result in value for money invested and the Group is interested as to how this value is measured by URCA. As an example, there could be value in URCA producing an assessment of where The Bahamas ranks compared to regional peers and creation of a scorecard outlining the country's connectivity and digitization, drawing from information and exposure at these international initiatives. Additionally, publication of an international initiative Roadmap detailing the objectives for participation and benefits to the industry and country. The Group does acknowledge the importance of international connections as telecommunications is a global business, however, the 2026 draft ECS Budget reveals a huge and significant outlay of funds for a mere three events, which will be recouped due to their subject content solely from the ECS budget and ultimately the ECS Licensees.

The three extraneous items to be funded are the ITU World Telecoms ICT Policy Forum to be held in Nassau, a national Cybersecurity Conference and the campaign by a Bahamian candidate for the office of Deputy Secretary-General of the ITU at the ITU's Penitentiary Conference in Qatar (this will be the second such expenditure for a campaign for office by this candidate). These three items by themselves have increased their ECS Budget items Conferences, Training and Travel and General Administrative Expenses respectively by over 400% for the first two events: namely \$526,191 to \$2,383,368 for the ITU Forum and from \$528,942 to \$919,910 for the ITU campaign the latter an approximately 70% increase resulting in an additional \$2.248 million year over year expenditure for the two budget items. Considering that these are one time budget items the amounts allotted appear to be far in excess of what should be allocated and place an additional burden on Licensees who have no recourse. Further, it is the Group's experience that the costs of conferences are significantly underwritten by rental charges for exhibition booths, title sponsors and industry sponsors for the social events such as cocktail parties, coffee breaks and meals and so some further specifics on the justification for the costs of these two conferences is requested.

URCA notes that its strategic priorities demonstrate a commitment to regulating and transforming the nation's utility sector (page 9, Sec. 2.6). The Group concurs that significant advancements are necessary in the sector, as outlined above. However, we respectfully advise URCA that meaningful change requires sustained focus and accountable progress over time.

4) OBSERVATIONS ON URCA's INTERNAL PRIORITIES FOR 2026

The Group welcomes URCA's acknowledgment of the need "for the sectors to expand and shift to accommodate a more interconnected world focused on sustainable development of industries built around technology" (page 10, Sec.3). It is evident in this AP that URCA is setting the stage for this accommodation to support Licensees as we seek to introduce emerging technologies to The Bahamas in a timely and sustainable manner, particularly given all of the pitfalls that accompany these new technologies for which there are no precedents. It is also clear that there is an urgent need for the Government and the relevant Ministry to increase their engagement and actively participate in providing policies and legislation, developed in consultation with URCA, Licensees, and other key stakeholders. Such collaboration is essential to ensure the industry and the country can effectively navigate and remain competitive in the rapidly evolving technological landscape. The Group respectfully reiterates its recommendation for the establishment of a dedicated government Ministry with responsibility for Telecoms and ICTs, Energy, and Emerging Technologies. It is noteworthy that, to our knowledge, this country remains among the few without a designated Minister and Ministry for the Electronic Communications Sector, which represents a missed opportunity for sectoral advancement. At present, there appears to be limited recognition of the interconnected relationship between the industry, the Government, and URCA. Furthermore, URCA has faced challenges in securing consistent and focused engagement from the Government in these sectors. The Group encourages URCA to prioritize and actively pursue this objective in 2026.

Under the heading Human Resources and Learning, URCA's objective is to build a workforce that is sharp, confident, globally competitive and ready to adapt for a fast-changing world through training and learning opportunities (page 11, Sec.3.2). The Group supports URCA in achieving this objective.

Under the Corporate and Consumer heading (page 11, Sec.3.3) the ITU seat campaign, the World Telecoms and ICT Policy Forum and an expanded Youth in ICT program (Moving away from Girls in ICT) are all commendable strategic objectives however they must be balanced with fiscal responsibility, tangible benefits especially as learning opportunities for industry staff and a priority action list. Strategic objectives must translate into action plans leading to actionable achievements or the impact intended will not be realized.

URCA's reference to the pending 2026 General Election and its mandate to have regulatory guidelines in place in order to ensure a democratic process (page 12, Para 2), is duly noted. It is hoped that URCA will ensure that the relevant staff are sufficiently trained and educated to address complaints from politicians and the public independently in a fair, transparent and objective manner.

URCA is once again committing to deliver a "fully realigned system in 2026" (page 12) and a website platform that is "fully fit for purpose" (page 12, para 3) after

what seems like numerous years of being under construction and not particularly user friendly. Stakeholders will expect URCA's commitment to strong data management (page 4, Sec.3.4) to also ensure that data collected is protected from cybercriminals and we note here the new Data Protection Act, 2025 intended to address modern breaches of personal data, in particular. URCA's stance of a "strong regulatory compliance posture embedded in a culture of positive compliance...(page 13, Sec.3.5) is again, essential to a well-regulated ECS as are URCA's commitments to risk analysis and anticipation of enforcement and litigation risk which are relevant given the likely litigation from emerging technologies such as retail satellite services and AI chatbot tools. URCA must be pro-active and anticipate areas of dissension early, act immediately and ensure that the regulations are in place to tackle such eventualities.

The Group supports URCA undertaking stronger linkages with internal best practices in all three regulated sectors (page 14, Sec 3.6) and aligning with forward leading regulatory standards for two way benefits of active participation in global and regional work study groups (page 15, Sec3.6), however, URCA must ensure that such participation is balanced and produces benefits for the sector and does not come with the reduced oversight of national regulatory requirements which by URCA's own stated 2026-2027 sector priorities are quite complex and demanding.

URCA's General Projects Schedule (page 15, Sec. 3.7) which include firstly the ongoing digitization of operational processes to keep up with technological advances followed by completion of the 2026 Annual Plan remain a consistent part of the annual workplans.

5) COMMENTS ON ECS PRIORITIES FOR 2026

URCA's ECS workplan for 2026 is nothing if it is not ambitious, albeit URCA states that it is actually a two-year workplan (page 20, Table 3.2.). Given its demands on URCA's staff and the distractions of the three external events to be hosted by URCA in 2026, The Group submits that the work plan is indeed a two-year venture and maybe longer should URCA not determine which projects are a non-negotiable priority. Additionally, there will be the monitoring of General Election regulations on national broadcasting stations as well as learning curves for new recruits and unanticipated government requests and this workplan leaves little leeway timewise for the unexpected. Certainly, the workplan cannot be accomplished in one year all things considered. Further, the workplan will impose obligations on Licensees who also have their primary functions as network operators engaged in running a business for profit for demanding shareholders in a constantly evolving environment which can at times require extension requests to URCA for stated deadlines for consultations submissions.

The ECS regulatory workplan agenda for 2026 is a reflection of the rapid global evolution of electronic technologies to include satellite retail terrestrial connectivity and the introduction of a satellite framework for regulations, 5G and its spin offs, licence exempt services, (page 17, Sec 3.8.1). These new workstream initiatives undertaken by URCA are welcomed by The Group and evidence of URCA's proactive approach to preparing the ECS and the country for what is fast approaching the networks. Specifically, URCA will develop a national EC Band plan that aligns with national spectrum priorities and policy objectives to reflect developments in 5G, DtoD communications, the IoTs, M2M technology and other emerging services. The Group notes that a new National Spectrum Plan is not on the 2026-2027 ECS Workplan when it was on the 2025 ECS Work Plan. URCA has provided no explanation for what must be a deliberate omission and we therefore seek an explanation for the sector.

URCA has also included in its work plan the establishment of the URCA Regulatory Sandbox Innovation Reef which is intended to allow existing and prospective Licensees to trial new solutions. The Sandbox appears to be a wish list project, something good to have but not necessarily a priority given all of the remaining items to be addressed or completed. Furthermore, by its very nature it is likely to be tremendously expensive. URCA should have canvassed Licensees earlier in order to determine how necessary a Sandbox would be and whether the cost associated with its use by Licensees or "prospective" Licensees would be palatable to the industry. The Group is also interested as to what stage a "prospective" Licensee will be required to be at before being allowed to participate in Sandbox testing lest participation be deemed to be a gateway for an automatic.

Another workplan project is a Regulatory Framework for Communications Operations in Licence exempt Spectrum. Again, the Group seeks an answer on the intention to address the requirement for a new National Spectrum Plan (2024-2027) which is already late as the present plan has run its three-year limit. It is appreciated that these work plan projects may be a pre-requisite to a new National Spectrum Plan which may be appropriately sidelined for the moment, but there should be some explanation from URCA in any event.

Another item on the workplan is a Regulatory Framework for Submarine Communications Cable Systems in The Bahamas. This is particularly timely and relevant given recent concerns by the United States on cable landing rights and security for foreign submarine cables landing on United States soil. The Bahamas as an archipelagic nation has at a minimum five submarine cables running through its major islands and landing in the United States. The Group supports URCA putting a "modern framework governing deployment operations, maintenance, resilience and protection", (page 18, Sec, 3.8.1) however Licensees do not expect URCA to seek to put in place more bureaucracy and unnecessary

reporting around submarine cables to further burden Licensees in their day-to-day operations.

URCA will also conduct a Review of Disaster Management Regulations for the ECS with the stated intention to review and update existing Regulations based on recent lessons learnt from natural disasters and the new role of satellite systems in disaster management. The benefits to the country and the ECS as these disasters continue to increase in intensity are well worth the work to be carried out.

A modern item on the work plan is the Development of an Electromagnetic Field (EMF) Exposure Framework Regulation. The objective for this new framework is stated to be the promotion of the safe deployment of and addressing exposure standards for networks such as small cell systems together with Licensee responsibilities. The Group is particularly concerned given the historically widespread public concern and misinformation associated with cellular mobile towers and their operations which were wholeheartedly embraced by many Bahaman residents, and which resulted in hostility towards mobile network operators and their technicians. The Group cautions URCA to be extremely diligent and responsible when broaching the topic of public education and treating the topic with the required sensitivity so as not to resurrect a public outcry.

URCA's ECS CARRY OVER PROJECTS

As in all prior years, URCA's AP continues to include carryover projects from not only the previous year but prior years. URCA does note that specific timelines are unavailable on some items due to their dependency on the legislative framework being passed by government (yet another reason to have a dedicated Minister and Ministry).

Guidelines for Cybersecurity of Public Electronic Communications Networks and Services was a part of the 2025 AP work list. This work stream must be given priority given the continued year on year increases in cybercrime. Indeed, the government has a Cybersecurity Unit, and it is certainly time to progress towards strategic policy and legislation as other countries have done and are now doing.

A review of Infrastructure Sharing Regulations was deferred to 2026 to align with outcomes from the 5G regulatory framework according to URCA, but surely it is also on the workplan to address the entrance of retail satellite services to terrestrial connectivity which is presently the subject of a public consultation on a Framework for Satellite Services in The Bahamas, (ECS 07/2025).

The ICTs for Persons with Disabilities work stream has experienced ongoing deferments since approximately 2020, reflecting a concerning lack of progress in addressing the communication needs of people with disabilities in our country. The Differently Abled Persons Committee has recently reiterated the importance of implementing ICT solutions to support accessible communication. Previous

collaborative efforts with operators are now likely outdated, and, as URCA itself acknowledges, “further stakeholder engagement” is necessary to ensure that the work stream effectively meets the current needs of the community (page 19, Sec. 3.7).

The Universal Service Obligations (USO) and the Universal Service Fund (USF) have experienced repeated multi-year deferments, resulting in research that is now outdated. This ongoing pattern suggests that these matters present significant challenges for URCA, as evidenced by the intermittent progress observed over the years. The “solution” has been government recently initiated alternative solutions to assist in the underwriting or reimbursement of a percentage of the costs for operators investing in loss leading technology deployment in the Family Islands where there is no return on investment. The results are operators’ precious time utilized in filing complex submissions for reimbursements. Further, the landscape upon which the original Universal Service Obligations were formalized under the Communications Act, 2009 and as amended, has changed significantly over the years and requires urgent addressing. The Group notes URCA’s commitment to “completing the work responsibly and effectively in 2026” (page 20, Sec 3.8.1) as apparently “significant progress was made in 2026” (page 20, Sec. 3.8.1). It remains to be seen whether URCA will once and for all achieve this self-imposed objective. URCA’s statement that broadband services to underserved communities as a part of universal services is expected raises the question as to the role of satellite operators who are licensed to provide broadband services to remote areas, whether such licence obligations have been met and who now has the universal service obligation.

A Review of Quality of Service (QOS) Network Standards. URCA is committing to modern and updated Quality of Service metrics and measures which on its face appear to be reasonable.

An examination of Table 3.2 on page 20, which outlines the Key Projects for the ECS in 2026-27, including both carryover and new initiatives, indicates a concentration of consultations scheduled for Trimester 2 (May through August). This clustering may present challenges for effective planning and could place additional demands on Licensees, potentially leading to delays and deferments based on previous experiences. URCA has taken on an extremely ambitious workplan for 2026, a workplan which is dependent on the Licensees and stakeholders’ inputs inclusive of Government policy positions. The Group, however, would like to be optimistic that the complete work plan is doable in the times allocated.

6) OBSERVATIONS ON URCA's KEY PERFORMANCE INDICATORS (KPIs)

URCA states that its KPI results will be published in the final Annual Report due to be released in April.

The KPIs provided in this draft AP are used to measure URCA's performance during the coming year. Its Financial, Human Resources and IT KPIs are rudimentary and easily measured with little to challenge employees nor would it appear there are penalties for non-achievement of said KPIs.

We note that URCA will commence the Organization Performance Indices (OPIs) which are less objective in their evaluation criteria. The CBL Group again advocates for an opportunity for the Licensees to be surveyed with regard to evaluating URCA's performance. The Group is of the view that such feedback would be beneficial to URCA and would provide a reality check on where URCA might improve its relationship with Licensees and what Licensees regard as priority work streams. We trust that in the short term URCA will see the usefulness of an external evaluation and accede to this proposal.

7) COMMENTS ON URCA's DRAFT BUDGETS FOR FISCAL 2026

(i) The Consolidated draft Budget

The Group looks forward with anticipation to the year when the total consolidated annual Operational Budget of URCA begins to see a decrease in the allotted totals year over year. The draft Consolidated Operational Budget for 2026 (the Consolidated Budget) once again has produced an increase of \$1.3million or 12% year over year which is no small increase. The increase mainly applies to budget items in the ECS out of the three regulated sectors.

Whilst the Group appreciates the budget items which show a decrease or a minimal increase, we fear that such items, which could be more useful to Licensees and or URCA are reduced at the expense of the items which show exorbitant increases, especially as they are for three non-core items to domestic regulatory delivery items. Those significant increases fail to provide any specificity as to the categories of costs for these items. The three items which have also been discussed earlier in this response, are the hosting by URCA of the ITU's World Telecoms Policy Forum for which one would expect the ITU to bear some of the costs as well as vendor sponsors, a National Cybersecurity Conference which presumably URCA is also hosting (both under Conferences, Training and Travel) and the campaign at the ITU for a candidacy for the post of Deputy Secretary-General under

General Administrative Expenses, the second such campaign expense in two years following the prior campaign that did not result in appointment.

Finally, the big spend in the Budgets for many years, Premises and Utilities has decreased by 12% year over year with the “near completion” (page 31) of the major repair works at Frederick House. We note however the information under Capital Expenditure that several deferred projects, namely the replacement of the elevator and generator are scheduled for execution and completion in 2026. We therefore assume, as URCA has stated earlier in this draft AP that 2025 applications can be applied to viable 2025 projects and carried forward thereby generating cost efficiencies so that these two long outstanding projects will be paid for by monies allocated in prior years and retained from earlier budgets. This carryover of money is a much-improved management of budget allocations which are carried over from year to year when a project is not completed within the budget year.

(ii) The ECS draft Budget

A detailed review of the ECS draft Budget (the ECS Budget) indicates a 43% increase in Operating Expenses. The Group notes that, in the private sector, such a substantial increase in an operating budget, particularly when the primary outcomes appear to be international public relations activities, would typically warrant close scrutiny from the Board of Directors. Accordingly, the Group seeks clarification on the level of oversight exercised by URCA’s Directors regarding the proposed budgets submitted for Board approval. Specifically, we are interested in understanding whether clear parameters are established with consideration to Licensee perspectives, if guidance is provided regarding acceptable percentage increases, or if has broad discretion in determining its operating expenses.

Staff Costs is an item which can be rationalized due to incremental increases in salaries and benefits and generally, were it not for the exorbitant increases in the two items under Conferences Training and Travel (\$528,191.00 to \$2,383,368 a 353% increase year on year) and the third item under General Administrative Expenses (\$528,943 to \$919,910, an almost \$400,000 or approximately 80% increase and not the 10% increase as stated by URCA), for the ITU Campaign, absent these increases under the two Budget items the ECS Budget may have been considered to be somewhat palatable.

The Group would also find it of use if URCA would under the Consolidated and the ECS Budgets and Staff Costs in particular state the staff count totals, and the breakout of the Executives and the non-Executive

members numbers under their respective Budget items to which the costs refer.

Relevant to Staff Costs and which attracted the Group's attention is a recent URCA Notice/ advertisement in the local media for a part-time Accounting Intern position (The Tribune 5th January 2026). Can URCA elaborate on exactly what this advertisement is about and whether there is a proposed internship programme at URCA with presumably college students and to what end when URCA speaks in the AP to hiring professionals and experts? Surely the Financial Services sector has an abundance of well-trained professional accountants who are fit for the purpose without URCA engaging in extraneous exercises which become a further cost to Licensees.

It is important to note that the government's initiative to bolster the industry by introducing the reducing Communications fees application is effectively undermined when URCA offsets these incentives through corresponding increases in URCA fees. This approach may inadvertently counteract the intended benefits of the government's policy.

(iii) Budget Analysis

This analysis formally registers continuing concerns regarding the sustained year-over-year growth in URCA's budget, without commensurate delivery of promised regulatory outputs.

Over the past two planning cycles:

- URCA's operating budget recovered through fees has increased by over 30% cumulatively. Since 2022 the budget has increased by 84%. These are mainly driven by staff costs, professional fees, conferences travelling and Travel, and general and administrative expenses.

Notwithstanding these outcomes, regulated entities are being asked to fund:

- Additional staffing
- Significant increases in international travel and hosted conferences
- Expanded institutional initiatives whose direct regulatory benefit to licensees are not clearly demonstrated

We are particularly concerned that:

1. Budget increases appear structural rather than outcome-driven, with limited linkage between incremental costs and measurable regulatory improvements.

2. Repeated project carryovers weaken confidence in the credibility of annual planning, while fees continue to escalate.
3. International engagement costs have increased substantially, yet the tangible benefits to domestic regulation, service quality, and compliance efficiency remain unclear.

We respectfully submit that:

- Details of FY 25 budget recovered through fees vs actual spend should be disclosed and a clear understanding of how the excess funds have been dealt with (the increase YOY should be compared to actual spend for FY 25 and not budgeted spend given the failure to deliver key initiatives funded in FY 25 and prior years). Future annual plans should include a clear retrospective assessment of prior-year commitments versus actual delivery.
- URCA should provide detailed audited actual profit and loss, balance sheet and cash flow statements for full transparency to its regulated entities. This will give further insights into the use of cash and any excess cash balances that URCA has as a result of continued delayed deliverables.
- Material budget increases should be supported by explicit, measurable regulatory outcomes, particularly where costs are borne directly by licensees.
- Consideration should be given to budget stabilization or phased funding, especially where initiatives are deferred or cancelled.
- Greater transparency is needed around how international engagements translate into domestic regulatory value. Additionally, how this will impact the Group's requests for training from the regulator - knowledge transfer, and operational improvement. Given the impact of the increase in the budget as a result of the 2 conferences proposed for FY 26, Cable Bahamas and Aliv suggest further details should be provided with a breakdown of the cost for these conferences. Cable Bahamas and Aliv further suggest given the purported impact of holding such a global event the cost should be shared not only by regulated entities but also by the Government and Corporate sponsors.

Further, the Group note that the budget is recovered by fees charged only to operating entities generating revenue and those fees are allocated based on the revenue of only a few regulated entities. There are over 200 regulated entities whose spectrum and other licenses still need to be administratively managed by

URCA. We therefore need clarification and visibility on fees to be charged to ALL these regulated entities.

- Electronic Communications Sector - 197 regulated entities
- Electricity Sector – 22 regulated entities
- Natural Gas Sector – regulated entities

The increased burden of URCA fees that is levied on the Group has material impacts to investments decisions that could further benefit the consumers of telecommunication services in The Bahamas. Telecommunication services are a key driver of investment and productivity across the nation and this needs to be considered in the context of the ever-increasing URCA budget.

The Group remains committed to constructive engagement with URCA and to supporting a regulatory framework that is effective, predictable, and proportionate. We trust that these comments will be given due consideration in finalizing the 2026 Annual Plan.

URCA BUDGET ANALYSIS 2022-2026

TOTAL

Category (\$M)	2022	2023	2024	2025	2026	2026 vs 2022	2026 vs 2025	Comments
Staff Costs	3.12	3.20	3.61	4.09	4.69	50%	15%	50% increase in four years
Non-Executive Compensation	0.18	0.41	0.35	0.20	0.20	10%	0%	
Executive Compensation	0.47	0.49	0.53	0.59	0.60	26%	1%	
Professional Services	0.64	0.97	1.25	2.02	1.06	66%	-47%	
Conferences, Training, and Travel	0.07	0.57	0.49	0.71	2.46	3295%	246%	34x larger in four years 0.4% 20.0%
Field Operations	0.02	0.08	0.09	0.03	0.10	305%	225%	4x larger in four years
Premises Costs and Utilities	0.21	0.31	0.56	0.60	0.53	148%	-12%	2.5x larger in four years
Consumer Education and Public Relations	0.28	0.17	0.15	0.32	0.25	-11%	-23%	The only reduction in the budget. Looks like non-telecom went down
Office Services	0.18	0.26	0.22	0.37	0.33	82%	-11%	
Information Technology	0.21	0.27	0.33	0.37	0.27	30%	-27%	
General and Administrative Expenses	0.86	0.96	1.64	1.21	1.33	55%	10%	55% increase in four years
Total Operations Expenditure (OPEX)	\$6.3 M	\$7.7 M	\$9.2 M	\$10.5 M	\$11.8 M	89%	12%	Almost doubling of the budget in four years
Depreciation	\$0.4 M	\$0.3 M	\$0.3 M	\$0.5 M	\$0.5 M	10%	-4%	
Total Operating Budget Recovered through URCA fees	\$6.7 M	\$8.0 M	\$9.5 M	\$11.0 M	\$12.3 M	84%	12%	Almost doubling of the budget in four years
Capital Expenditure	\$0.5 M	\$2.9 M	\$3.1 M	\$1.9 M	\$0.9 M	76%	-50%	
TOTAL URCA COST (OPEX, Dep, CAPEX)	\$7.2 M	\$10.8 M	\$12.6 M	\$12.9 M	\$13.2 M	83%	3%	How is this stimulating industry growth? Improved service?
% increase per year		50%	16%	2%	3%			

URCA ECS (Telecom ONLY) Budget

Category (\$M)	2022	2023	2024	2025	2026	2026 vs 2022	2026 vs 2025	Comments
Staff Costs	1.79	1.90	2.21	2.65	3.00	67%	13%	67% increase in four years
Non-Executive Compensation	0.11	0.25	0.20	0.12	0.09	-17%	-22%	
Executive Compensation	0.23	0.26	0.28	0.31	0.27	20%	-13%	
Professional Services	0.60	0.57	0.55	0.79	0.94	56%	18%	
Conferences, Training, and Travel	0.05	0.40	0.37	0.53	2.38	4830%	353%	49x larger in four years, 97% of the total budget relates to telecom
Field Operations		0.04	0.07	0.02	0.05		185%	
Premises Costs and Utilities	0.14	0.23	0.34	0.37	0.33	131%	-10%	Big increase but relatively small amount
Consumer Education and Public Relations	0.08	0.09	0.09	0.19	0.20	158%	7%	Big increase but relatively small amount
Office Services	0.14	0.20	0.14	0.24	0.22	61%	-9%	
Information Technology	0.17	0.22	0.20	0.24	0.17	3%	-27%	
General and Administrative Expenses	0.47	0.46	0.69	0.53	0.92	97%	74%	Doubling of admin costs
Total Operations Expenditure (OPEX)	\$3.8 M	\$4.6 M	\$5.1 M	\$6.0 M	\$8.6 M	128%	43%	More than doubling of the budget in four years
Depreciation	\$0.4 M	\$0.3 M	\$0.3 M	\$0.4 M	\$0.3 M	-26%	-7%	
Total Operating Budget Recovered through URCA fees	\$4.2 M	\$4.9 M	\$5.4 M	\$6.3 M	\$8.9 M	111%	41%	More than doubling of the budget in four years
Capital Expenditure	\$0.5 M	\$2.4 M	\$2.9 M	\$1.5 M	\$0.7 M	50%	-53%	
Consumer Education as a % of Total URCA Cost (ERC)	2%	1%	1%	2%	2%			
TOTAL URCA COST (OPEX, Dep, CAPEX)	\$4.7 M	\$7.3 M	\$8.3 M	\$7.8 M	\$9.6 M	105%	23%	More than doubling of the budget in four years
% increase per year		55%	14%	-6%	23%			

8) CONCLUSION

In The Tribune Business Section of the March 4th, 2025. Business Editor Neil Hartnell in his article headlined: “CABLE, BTC. URGE ‘FISCAL RESTRAINT’ FROM URCA” quoted extensively from the Group’s submission on the draft Annual Plan and Budget for 2025 as follows:

“The draft ECS budget has increased by a notable 22 per cent compared to the previous year justified by the phrase ‘continuous efforts to promote the policy objectives of the ECS’. This explanation however lacks clarity Cable Bahamas argues.....we observe an overall 17% increase across the combined three sectors {including the Electricity and Natural Gas sectors} and a 22% increase for the ECS. This raises concerns about the fiscal restraint and the justification for such increases.”

“We urge URCA to recognize that fiscal responsibility is crucial and the Licensees need assurance that their licence 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 transparency and quality in URCA’s deliverables”.

BTC is quoted as delivering “similar criticisms”: “BTC considers that there are alternatives on how URCA can find efficiencies within its budget especially considering that the proposed budget represents a 22% increase in operational expenditure from the previous year....there are ways to reduce travel-related expenses.”

It is noted that in the 2025 draft Annual Plan, URCA had proposed the establishment of a Freeport Office. However, after receiving significant objections from both major Licensees, who did not see sufficient justification for this additional expense, URCA decided to withdraw the proposal. In reviewing the draft 2026 Budget, there remains concern that URCA has not fully addressed the requests of the two primary license fee payees, who are key contributors to URCA’s operating expenses. The current draft reflects a 12% increase in the Consolidated Budget and a 43% increase in the ECS Budget, despite ongoing appeals for fiscal restraint. Licensees may need to explore all available governance and accountability mechanisms to ensure proportionality and fiscal responsibility in regulatory budget settings.

Respectfully submitted,

On behalf of CBL and its subsidiaries and Aliv

9) 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.