

Higher Call

Making Communications Better in The Bahamas



“Never mind the noise in the market...”

“...just mind the price of the fish”

Foreword

Remember what wise old Bahamians used to say when a lot of confusion was going on? “Never mind the noise in the market, just mind the price of the fish.” There’s been a lot of noise in the Bahamian marketplace lately about one type of “fish”—the privatization of Bahamas Telecommunications Company (BTC) through the sale of majority shares to an international telecommunications company. Politicians, unionists, the media and various experts have been filling the airwaves with a lot of talk. Unfortunately, the talk has often been about taking sides in a fight. On the other hand, we know that ordinary Bahamians just want the best information about an important matter touching their lives and the future of our country.

The BTC privatization Committee has produced this supplement to address what we believe to be the main issues.

We hope that this publication will demonstrate several points—

- (a) Underway in The Bahamas is one of the most exciting developments of the new century.
- (b) Having a strategic international partner with recognized global clout will bring new resources and state-of-the-art products and services to assist us in creating an ultramodern communications system for The Bahamas. Such advances will give Bahamian consumers more choices, lower prices and better value for money.
- (c) BTC cannot do the same on its own.
- (d) No Bahamian entity has demonstrated the strength and international clout needed to prepare BTC to achieve the goals envisioned for the organization.

You will find more detail on these and other issues in this supplement, which we hope will answer your most pressing questions about the proposed privatization.





Let's get straight to the question of the hour

Why sell BTC?

Growth and survival demand continuous change. This is as true of business, as it is of human life.

Driven by consumer demand, telcos are realizing increasingly that growth means branching out beyond the telephone to provide video, highspeed internet access and a range of wireless entertainment services such as mobile television.

Nowhere has it been more important to answer the call to climb higher than in Bahamas communications. This advancement is fundamental to building our communities and continuing the success in tourism and financial services that have propelled our country's development. It is also the essential bridge to future development.

We pay tribute to BTC that, since its start with the launch of the Florida to Nassau undersea telegraph cable in 1906, almost at the beginning of the modern telecommunications era, the company has striven to keep The Bahamas moving forward in this realm of communications.

Nevertheless, the astounding pace of modern communications and the growing demands of consumers hungry for newer and newer technologies won't allow BTC to do so at its present pace or with the resources it now possesses. We have to move at the pace of 21st century business, at the speed of global trade. BTC needs the power that can only come from a global strategic alliance.

Having clout in the highly competitive international communications marketplace matters. BTC, as a stand-alone company and a government monopoly, cannot deliver the newer technologies at a pace which permits the development of the competitive edge that The Bahamas needs.

SIZE MATTERS.

Consider this: New consumer technologies, such as the iPhone, are offered first to large communications entities.

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So we should sell a company that has served us all along because some Bahamians want the latest gadgets?

Just the opposite! A powerful strategic partner is going to propel our Bahamian company forward—technically stronger, more competitive in a hotly contested industry, more responsive to the needs of the consumer and more attuned to the challenges of the international marketplace. It's also about developing a more efficient, cost-effective country-wide, communications system that is vital to national development and a good quality of life for all Bahamians.

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Just how important to national development are the proposed changes to BTC?

State-of-the-art telecommunications infrastructure and services could give Bahamians in small, isolated communities, such as Long Cay or Ragged Island, direct access to the services of government agencies and allow them to benefit from the knowledge and experience of specialist teachers and physicians.

The new Communications Act places requirements on BTC—The Act specifies the minimum levels of service the Company is obliged to provide to the entire Bahamas.

The types of technology that CWC, as a strategic partner, offers already in other jurisdictions are such value added services as mobile TV, TV over broadband, telemedicine, E-government. For the islands of The Bahamas, even the most remote of the archipelago, CWC can bring:

- Faster and more efficient inter-island connections
- Faster and more efficient international connections
- Improved access to education at all levels and health care for Bahamians on the remoter islands through online education courses and telemedicine
- More efficient rescue services on land and sea
- Faster and more efficient services from government departments and agencies through an increase in e-government
- Updated trade processes and controls: Customs operations, licensing, etc.
- Expansion of local and national economies
- Increased employment opportunities generally and especially in the communications industry
- A chance for Bahamians in smaller communities such as Sweeting's Cay, Ragged Island and Long Cay to have more say in national life.

Privatization of Telecommunications a Must and Long Overdue

Dionisio D'Aguilar, President, Superwash Ltd; former President, Bahamas Chamber of Commerce

All logical thinking Bahamians believe that the privatization of BTC is long overdue. By remaining state owned, decisions at BTC are often made that are in the best interests of the politicians that rule BTC and in the best interests of the employees that work at BTC and NOT, as it should be, in the best interests of the consumers that have to use BTC.

By removing the Government of The Bahamas as the controlling entity of BTC, and placing in control a private entity whose sole business is telecommunications, rational thinkers would conclude that the telecommunications options offered by BTC will improve, the pricing of the products that BTC offers will improve and, most importantly, customer service offered by BTC will improve exponentially.

The most important component of the privatization of BTC, however, is the phased introduction of other competitors into the telecommunications market here in The Bahamas. Market forces will ultimately drive BTC to improve its product choices, its pricing and its customer service.

What do I hope for with privatization? Expanded product choices, cheaper prices and improved customer service – all of which would be on par with telecommunication services offered in first world environments. No more, no less!

Modern Communications in Support of Tourism and Hospitality

Frank Comito, Executive Vice President, Bahamas Hotel Association:

Affordable, reliable internet and phone service is essential to our industry's competitiveness, and our ability to generate business and service our customers. Our customers, whether they are travelling on business or pleasure, expect to stay connected at a reasonable price. It's no longer an option; it's required to be competitive. We have lagged far beyond our international and Caribbean counterparts, in terms of the quality and availability of state of the art telecommunications technology, its reliability, and its cost.



Communications Essentials in the Field of Accounting

Maria Ferere, President & Director, FT Consultants Ltd:

Modern telecommunications are vital tools for business development and economic growth. They are particularly important to the accounting sector. All major accounting firms have offices around the world and most small firms and sole practitioners have international affiliations or other international business relationships. As such, in this highly competitive world of instant communication, quick and reliable exchange of information is extremely important. Modern telecommunications improve the way we communicate. Effective communication could mean the difference between a successful business venture or a missed opportunity. The administration of most businesses is dependent on the efficient dissemination of information which generally involves telecommunications.

The current telecommunication resources do not meet the challenges and developmental needs of our country. Firstly, there is no competition so the service is mediocre to poor and the cost is too high. Secondly, we are not competitive as a jurisdiction, because our sole provider BTC has limited purchasing power and is unable to obtain roaming agreements with sufficient carriers to allow those travelling to The Bahamas for business purposes to use their telephone devices. How often have we heard the business traveller say “my phone doesn’t work in The Bahamas”. “It works in Cayman and Bermuda though”. Finally, it still takes far too long to get a phone service in The Bahamas. That includes every service from a land line for a business or home to a personal cell phone.

Privatization is certainly a step in the right direction. The removal of government from the running of this essential service and the goal to reduce cost should bring improvement. What do I hope for from privatization? In the short and long term, competition, better service and lower cost.

Communications to Improve Access to Quality Health Care

Dr Robin Roberts, Consultant Urologist, Director, School of Clinical Medicine, Research, University of West Indies (UWI) (Bahamas); Chairman, National Coalition Health Care for Reform:

That's tele-medicine - the use of modern technology and communication to provide medical care. If there is an emergency and the doctor has to call an emergency flight – four problems with that: (1) It's costly. (2) It's getting there in time. (3) It might not be appropriate; and, (4) It might not be safe, if the patient needs to be better prepared to travel. Now, if I were to put that same set up (telemedicine facilities) with the clinic in Abaco and link with my accident emergency doctor at the PMH (the Princess Margaret Hospital) in Nassau, as the specialist in the PMH, I am seeing the patient, interviewing the patient, interviewing the patient in Abaco, and I can determine whether that patient does or doesn't need to come.

The fact of the matter is in The Bahamas we are not moving so fast... And that's the problem. We need to move at that pace. One of the things that always fascinated me is that travelling down in the Caribbean, I was always amazed that, despite our belief that we were supposed to be more developed, their telephonic communication system was far superior to ours.



“Faster and more efficient inter-island connections and international connections”

“BTC customers continue to pay the highest rates probably in the Americas for local cell minutes.”

Besides the privatization of BTC, what else is being done to create the desired state-of-the-art communications for The Bahamas?

The Government of The Bahamas has reformed all facets of the legislative and policy framework that regulates our communications system. The following has been accomplished.

- (1) Passage of new laws to better define and regulate the telecoms industry**
 - a. The Communications Act, 2009
 - b. The Utilities Regulation and Competition Authority (URCA) Act, 2009
 - c. The Utilities Appeal Tribunal (UAT) Act, 2009
- (2) Establishment of an independent and highly competent industry regulator—the Utilities Regulation and Competition Authority (URCA), which is tasked to**
 - a. Work to ensure more widely available, affordable and varied telecom services for the people of The Bahamas
 - b. Support the transition from a monopolistic to competitive telecommunications market
 - c. Advise continuously on modernizing the telecommunications policy in line with developments in the industry and international best practice
 - d. Enforce the new telecommunications to protect consumer interests
- (3) Introduction of competition through liberalization in all sectors of the communications and internet services markets other than cellular**
- (4) Conversion of the Broadcasting Corporation of The Bahamas to a public broadcasting service.**



According to the noise in the market, in privatizing BTC we're giving away a cash cow, a national asset and a gold mine that earns millions of dollars for the Public Treasury.

BTC generates a large share of its profits from its monopolistic position in the marketplace. The Government has committed, as part of its process of reforming the communications sector, to eliminate this monopoly. Therefore, these profits are a transfer (through high rates) from consumers to BTC, and not necessarily the results of efficiency or innovation.

Just think of the communication challenges as matters stand today:

- (1) BTC customers continue to pay the highest rates probably in the Americas for local cell minutes. Here are some post-paid and pre-paid rates in the region:

TERRITORY	POST-PAID ARMP	PRE-PAID ARMP
Bahamas	.23	.30
St.Lucia	.13	.16
Cayman Islands	.09	.17
Barbados	.09	.16
Panama	.07	.03
Jamaica	.06	.02

- (2) BTC is a government-run monopoly. The fact is that state-run monopolies are never competitive.
- (3) BTC is a stand-alone company in an industry characterized by strong alliances with major telecommunications companies.

According to information available to us, BTC can save up to 30% on the products and technology that it now buys by being a part of a major communications entity.

“BTC is a government-run monopoly. The fact is that state-run monopolies are never competitive.”



In conclusion, the proposed transaction is best for The Bahamas, and we are moving now for the benefit of all Bahamians, not just a few. Unlike the naysayers who will pick isolated, often incorrect facts out of context to promote their cause, unlike those who are willing to burn bridges without having a viable means of crossing a rough passage, we have done our due diligence and have chosen the best path open to us.

It is time for BTC to be privatized.

As IBM says on its website:

“To compete effectively over the long term, telcos will need to take bold, significant steps to embrace the emerging broader definition of communications. Doing nothing is an option few providers can afford.”

