



*News Release*

## **Getting a better understanding of the cost of providing telecommunications services in Bahrain**

### **TRA to develop, implement and use bottom-up cost models**

Manama, Kingdom of Bahrain - Saturday 21 May 2011

The Telecommunications Regulatory Authority (TRA) hosted last Wednesday a presentation with the industry on TRA's consultation document on the development and use of bottom-up fixed access, fixed core and mobile networks cost models in the Kingdom of Bahrain.

The presentation aimed at helping the industry to prepare its responses to the consultation document. Representatives from about 10 operators were present.

Commenting on the issuance of this draft position paper, TRA's Chairman Dr Mohammed Al Amer said "the development and use of bottom-up cost models will complement existing regulatory instruments in determining the fair and reasonable cost of retail and wholesale telecommunications services in Bahrain. They will also help gaining a better understanding of the cost structure and the cost drivers of services."

Dr. Al Amer went on to say "Having this additional tool in place will help TRA reviewing wholesale and retail prices to ensure that they meet legal requirements."

Bottom-up models use engineering rules combined with detailed costing and operational data to build efficient telecommunications networks, thereby identifying all components of the networks necessary to produce the required services. This approach contrasts with "top-down" models which instead derive the cost of services based on operators' historical accounting information. Bottom-up models better reflect the economic cost of services.

From a regulator's perspective, the use of bottom-up models allows for greater transparency. They enable sensitivity analysis to key variables. Such models can also be useful to assess the cost of new investments (such as new fibre deployments) or to set cost efficiency targets.

Available for download on TRA's website, the consultation document presents TRA's preliminary views on the key features and principles to support the development, implementation and use of bottom-up cost models in Bahrain.

Interested parties are invited to provide a response to TRA no later than 23 June 2011.



TRA presentation to licensed operators

### **About TRA**

Since its establishment in 2002 the Telecommunications Regulatory Authority of the Kingdom of Bahrain (TRA) has been working with government, consumers, operators and investors to develop the Kingdom of Bahrain into the region's most modern communications hub and to facilitate the growth of the market. As an exemplary Regulator for the region, TRA independently carries out its duties in a transparent and non-discriminatory manner. More information about TRA can be viewed at [www.tra.org.bh](http://www.tra.org.bh)