



FALKLAND ISLANDS GOVERNMENT

PRESS RELEASE

Cable and Wireless withdraws request for Price Review

The Government has announced that Cable and Wireless have withdrawn their request for a review of prices.

Cable and Wireless approached the Government in June 2008 to request a review of prices. The Company said that most of its costs had increased year on year but there had been no telephone price increase since 2005. FIG's response was to say that prices could only be considered along with service standards and improvements and that the Company would have to demonstrate that it was failing to make the reasonable rate of return specified in the Telecommunication Ordinance.

After several meetings to examine cost and price information Cable and Wireless wrote to the Government last week to say it was withdrawing from the process.

However FIG has informed Cable and Wireless that a review of the Telecommunications Ordinance planned for this year will go ahead shortly. The review will include how greater control can be established over Cable and Wireless's performance in addition to gaining control over Broadband prices (over which the Government does not currently have legal control). It will also consider how methods for regulating prices in the future such as a 'price cap' whereby telecommunications prices have to rise more slowly than the general rate of inflation.

Councillor Mike Rendell said *"Cable and Wireless's withdrawal of its request to review prices reflects the rigour which the Government has been applying to that request – we were very hard to convince. This is really good news for consumers. We will now focus effort on improving the law so we can gain more control over Cable and Wireless's performance in future"*.

Office of the Legislative Assembly
Gilbert House
23 March 2009