

OFFICE OF UTILITIES REGULATION – JAMAICA

PROMOTING UNIVERSAL ACCESS TO INFORMATION AND COMMUNICATION TECHNOLOGIES (ICT)

Regulatory Principles

Statement to WSIS

The telecommunications industry in Jamaica, as has been the case in many countries around the world has undergone profound and significant changes in recent times. Prior to March 2000, Cable and Wireless Jamaica Limited (C&WJ) had a monopoly on telecommunication services in Jamaica by way of an exclusive license (issued in 1988) to provide services for twenty-five years with the option of renewal after that time period for a further twenty-five years. As a consequence of negotiations between the Government of Jamaica (GOJ) and C&WJ, an agreement was arrived at in September 1999 to terminate C&WJ's monopoly and liberalise the telecommunications industry in three phases over a three year period. At the commencement of each phase different segments of the market were opened to competition. The third and final phase commenced on March 1, 2003 when the international market was opened to competition and the sector thus become fully liberalised with all services subject to competition.

With the advent of liberalisation and the introduction of competition to the market, the Government of Jamaica has recognised that the issue of universal access to telecommunications services must be addressed and it has therefore provided a framework in the Telecommunications Act 2000 (the Act) for the treatment of this matter. The principal constraints to achieving universal access are (i) affordability, where citizens just cannot afford the service, and (ii) access by virtue of inadequate geographic coverage of the network whether due to technical or economic reasons.

Under the Act, the Office of Utilities Regulation (the OUR) which is the economic regulator for the sector has a duty to advise the Minister on appropriate mechanisms to achieve universal access as well as to recommend a regime to fund the e build out of the network in order to achieve the objectives for universal access. The following summarises the principles that have been guiding the (OUR) as it has been conducting its consultations on these issues.

Non-Discriminatory Access

Reasonable telecommunications access is an important tool in the development of a country's economy. It facilitates communication among people/businesses both local and international. With this view in mind the OUR is of the view that access to a specified minimal level of telecommunications services should be available to every citizen irrespective of geographic location or status. In other words, all citizens including those living in rural areas, the urban poor and the

disabled should have access to telecommunication services on a non discriminatory basis.

Competitive Bidding

The OUR believes that the provision of universal service/access should not only be affordable but of a certain quality. One of the most effective ways of meeting these standards is to allow some form of competitive bidding among operators. The examples of Peru and Chile are excellent examples of the effectiveness and importance of the competitive bidding process. The OUR, therefore, supports the view that the right to provide these services should be earned through a process of competitive bidding.

Universal Service/Access Costs and Funding

The cost of providing universal service is made up of two major components: Avoidable costs and revenues foregone. The OUR is of the view that the calculation of these two components must be on a forward looking basis (incremental cost approach) since the use of other costing methods such as historical costing might not reflect the true cost of providing the service.

There are several methods used to fund universal service/access ranging from general taxation to interconnect charges. The OUR is of the view that a funding scheme based on revenues generated by the telecommunications industry is probably the most appropriate means of funding.

Monitoring and Review

For the universal service/access programme to be successful there must be effective and efficient monitoring and review. In other words, the OUR would have to ensure that the guidelines and standards laid down for the provision of service are adhered to by the universal service providers. In addition, given the frequent technological innovations in the industry, it follows that the definition of universal service/access will have to be constantly reviewed to ensure that services provided to customers remain current and relevant.

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Kingston, Jamaica
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