

OOCUR Conference “The Challenge for Utility Regulators in the Caribbean”

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Topic Area - Telecommunications: Financial Analysis – checks and audits

Object – To highlight the transitioning role of the regulatory body as it relates to the financial analysis, and the checks and audits in the current and future landscape of the telecommunications industry. Within this framework the discussion will be focussed on the relevant and necessary analysis and controls that should be in place to ensure fairness and transparency to all stakeholders of the regulatory body.

Concepts - The paper will initially review use of financial analysis, checks and audits as they relate to the role of the regulator in its dealings with its stakeholders which include: governments, the general public, regulated entities and their investors. The telecommunications industry is transitioning from a monopolistic micro-economic structure to one marked by fair competition or oligopolistic practices. As the environment changes, so must the role of the regulator and the regulations in place to enforce fair-trading. The regulatory body must ensure that the financial checks and audits in use to regulate the telecommunications operators do not by their very nature discourage fair trading, but rather, and promote self-regulation.

Our discussion will address the issues we believe regulatory bodies will encounter in the three phases identified, namely:

Phase 1 – Current monopolistic environment

Currently, the Caribbean telecommunications environment is marked by monopolistic behaviour threatened by liberalisation. We will address regulatory challenges surrounding financial analysis, checks and audits as they pertain to tariff structures, interconnection, monitoring multiple operators, and benchmarks for fair-trading.

Phase 2 – Future interim state

This economy would be marked by competitive practices and growth and expansion of the industry. Our analysis will examine the role of the regulator in this environment as it relates to the challenges of enforced regulation versus self-regulation. We will address the regulatory challenges surrounding the regulator’s financial analysis, checks and audits required to regulate a competitive environment.

Phase 3 – Future state

As the life cycle of industry moves to one marked by normal growth and maturity, the regulatory body may be faced with new challenges that may include the likelihood of cartels, and the need for stiffer regulation as it pertains to pricing and the interests of the consumer. We will address regulatory challenges surrounding the regulator’s financial analysis, checks and audits required to regulate a this environment.

Why this presentation is worthy of selection

Regulation as it pertains to telecommunications, and specifically the financial analysis, checks and audits involved in effective regulation, differ significantly from other currently regulated utilities. This is primarily due to the fact that liberalisation of the telecommunications industry around the Caribbean is occurring and as such, the role of the regulator must change. The areas outlined for discussion are integral to the smooth operation of the regulatory body, its relationship with its stakeholders and the promotion of fair trading and transparency between the regulated entities in the telecommunications sector.