

Universal Service or Universal Access: Jamaican Issues

Presented by:

David Sullivan

Economist

Office of Utilities Regulation

Kingston, Jamaica

At:

The 1st OOCUR Conference, Hilton Trinidad, Port of Spain,
Trinidad and Tobago

SUMMARY OF PRESENTATION

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- ❑ LEGAL FRAMEWORK
- ❑ MARKET EFFICIENCY AND ACCESS GAPS
- ❑ UNIVERSALITY SERVICES
- ❑ SELECTION OF UNIVERSALITY PROVIDERS
- ❑ FUNDING UNIVERSALITY
- ❑ OTHER ISSUES

INTRODUCTION

- Background
 - New Act introduced in industry in March 2000
- Universality
 - Encompasses both universal service and universal access;
 - Universal Service – Individual household access to telecommunication services (usually voice services)
 - Universal access – public access to telecommunication services

INTRODUCTION (cont'd)

- Objectives of Universality:
 - Promotion of national, political, economic and cultural cohesion;
 - Promotion of balanced distribution of income and population within the country;
 - Elimination of disparity between urban and rural areas;
 - Full participation of society in the information and communication based economy

INTRODUCTION (cont'd)

- Importance of Universality

- Ensure access to telecommunications services by all – both uneconomic households and areas would be given the opportunity to assess these services.
- Provides external benefits – (1) Increase in the number of customers on the network will increase the value of the network for both the provider and customers; (2) Can be used as an alternative to other services such as transportation

LEGAL FRAMEWORK

- The telecommunications sector is governed by:
 - The OUR (Amendment) Act 2000 and
 - The Telecommunications Act 2000
- The Telecommunications Act 2000 gives the Minister the authority to develop and implement USO policies

LEGAL FRAMEWORK (Cont'd)

- Services mandated under the Telecommunications Act:
 - Single line voice telephony
 - Public payphones
 - Free calls to emergency services
 - Internet access to public institutions – schools, public libraries and post offices

MARKET EFFICIENCY AND ACCESS GAPS

- Market Efficiency Gap – difference between the level of telephone penetration under monopolistic and competitive conditions.
- Access Gap – Condition where competition exists and the market is fully developed but some households and areas are still without services. This could be as a result of affordability constraints from the customers perspective or refusal to invest in uneconomic ventures from the operator's view

MARKET EFFICIENCY AND ACCESS GAPS (Cont'd)

- These concepts critical to any universal service programme:
 - Markets should be allowed to fully develop to avoid the provision of unnecessary subsidies;
 - Only households/communities who fall within the “Access Gap” category should receive funding;
 - Study should be conducted to identify these households/communities

UNIVERSALITY SERVICES

- Single Line Voice Telephony
 - Currently five operators providing single line voices – two fixed line and three mobile;
 - Jamaica's penetration rate (fixed and Mobile) is about 71.7%; household's penetration rate is approximately 74.2%. About 75.1% of the lines now available in Jamaica are mobile;
 - Should be technology neutral

UNIVERSALITY SERVICES (Cont'd)

- Public Payphones

- Two critical issues should be considered:

- Mobile penetration
 - Access to emergency services

- Emergency Services

- All voice service operators should allow free calls to emergency services – police, fire, medical (ambulance services)

UNIVERSALITY SERVICES (Cont'd)

- Internet Access in Public Institutions
 - Very low in Jamaica; 9.6%, 33.3% and 9.0% respectively in schools, libraries and post offices;
 - Consideration should be given to broadband instead of dial up connections;
 - Consideration should be given to the provision of hardware and software from the universal service/access fund, if necessary
 - Careful thought should also be given to the payment of monthly charges (especially for schools) from the universal service/access fund.

SELECTION OF UNIVERSALITY PROVIDERS

- Competitive bidding approach is the more popular approach for selecting potential USO providers. There are valuable experiences to be gained from Chile and Peru on this subject;
- Gone are the days when incumbents are automatically designated USO providers. Every operator should be given the opportunity to bid for the chance of providing USO services as long as they mean the requirements of the government/regulator.

FUNDING UNIVERSALITY

- Four Options:
 - General taxation
 - Interconnect charges
 - Cross subsidies
 - Universal service fund
 - Physical and virtual
 - Universal service fund is the preferred choice. Jamaica is currently reviewing this option.

FUNDING UNIVERSALITY (Cont'd)

- All operators should contribute to the fund
- Revenue should be the basis on which contribution to the fund is assessed – operators would be required to pay a fixed percentage of their revenue to the fund annually
- Contributions should be made net of any interconnection and/or leased line payments to other operators

OTHER ISSUES

- Service to the Disabled Community
 - Ensure that the needs of of this group is addressed
- Disconnection
 - Should be minimized if not eliminated
- Effective Monitoring and Review