

Quality of Service Standard as a Measure of Regulatory Effectiveness and Transparency - A Case Study of Jamaica

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Presented at the 2nd OOCUR Conference
3-5 November 2004, Montego Bay, Jamaica

Introduction

- Independence as well as transparency required for effective regulation
- Development of quality of service standard (QOS) can use as measure of regulatory effectiveness
- Paper assess OUR's effectiveness in developing, implementing and monitoring QOS

Legal framework for QOS Regulation

- OUR Act 1995 specifies part of OUR's role to protect consumer interest and prescribe standard for measurement of quality.
- OUR Act also provides enforcement measures
- Telecommunications Act 2000 states Office can make rules prescribing quality standard. Also, service provider should ensure reliable service in accordance with these standards
- JPS All-Island Electricity Licence 2001 makes provision for service regulation

The QOS Consultation Process

- Part of the effectiveness of standards is measured by whether consultation process is transparent
- OUR publishes procedural guidelines for public consultation
- Series of consultation done for water, electricity and telecommunications sector within these guidelines in 1999
- Consultation addressed overall and guaranteed standard and compensatory payment

QOS - Telecommunications

- Although two (2) consultation done in 1999 and 2001, no final decision made
- CWJ introduced standards in 2001 (see Table 3, Annex 1)
- But OUR does not monitor CWJ's performance in relation to the self imposed standards
- With dominance in fixed and mobile markets, market not effectively competitive. Standards are therefore needed
- However, present consultative document which only address service of single provider not sufficient

QOS - Water

- QOS became effective April 1st 2001
- Overall standards addressed water quality, water pressure and reliability of supply
- Guaranteed standard addressed appointments, complaints, installation, reading and replacement (repairs) of meters and reconnection
- Consumer must make claim to company.
Compensatory payments range from J\$100 – J\$3000

QOS - Water

However, standards ineffective because:

- Majority customers unaware
- Provision in NWC Act nullified some of the standards
- Minister, also regulator, issued standards.
- Standards did not have legal effect because not gazzetted
- Compensation too low

QOS - Electricity

- Similar structure as water sector: overall and guaranteed standards
- Overall standards looked at complaints, line faults, systems loss and meter reading and testing and restoration of service
- Guaranteed standards looked at connection to supply, response to emergency calls and customer queries as well as reconnection

QOS - Electricity

- Unlike water, customers aware but
- Compensation too low (range between J\$150 and J\$750)
- Lack of trust in company

QOS – Water vs Electricity

- Water standards address meter reading, replacement of meters, relocation, delivery of last bill. Not included in electricity standard
- Electricity standard address meter testing, not in water standard
- No provision in water standard for flooding of customer property from blocked mains
- No provision in electricity standard for appointment

Quality of Service Survey

- Consumer survey commissioned by OUR in 2002 revealed the following:
 - Consumer perceive OUR role as more problem solving than ensuring delivery of good quality service
 - Only 42% of customers aware of QOS
 - 65% of those aware knew they could make claim for breach but only 8% made claims
 - Consumer prefer to make claim if compensation payment increased

Review of QOS and Pricing Regime– Water

- Review of standard done with review of prices in 2003
- Consultation limited in reviewing standard, but results of consumer survey considered
- Revised standards issued March 2004. Most standards retained, performance measure “tightened”.
- Compensation increased to 4 times service charge.
- Meter testing and property flooding still not addressed
- Performance in standards will be taken into consideration at next tariff review

Review of QOS and Pricing Regime– Electricity

- Review of standards and pricing done in June 2004
- Extensive public consultation was done
- Results of consumer survey taken into consideration

Review of QOS and Pricing Regime– Electricity

- Several additions made to standards addressing estimated billing and consumption, meter replacement, billing adjustment and street light maintenance
- Compensation amount also increased (now range from J\$1,000 to J\$8,400)
- Standards did not address making and keeping appointments
- Performance in QOS affect Q factor in price cap mechanism

Conclusion/Recommendation

- Although OUR has developed QOS for water and electricity sectors over 5 years, response to standards less than favourable because of social, legal and economic impediments.
- Compensation payment increased to improve attractiveness
- Companies mandated to adequately publicize QOS

Conclusion/Recommendation

- Performance built into pricing mechanism to force service providers to improve service
- OUR performance in telecommunications sector well below that of other 2 sectors
- Existing standards proposed by OUR not adequate, standards should be developed for various types of markets
- Markets in telecoms sector not effectively competitive, and existence of dominant players warrants adequate service quality standards