



Response

to other submissions on

**“ Toward Universal Service/Access Obligation For
Telecommunication Services in Jamaica”**

By

Digicel

April 14, 2003

Introduction

Digicel welcomes the opportunity to provide feedback on the responses submitted to the OUR's consultation document on Universal Service. It was encouraging to see responses from a wider cross section of entities than would normally participate in the consultation process as seen in the responses from private citizens. Alternative views were also put forward as seen in the submission on the use of Spread Spectrum technology. The OUR should be commended for its attempts to involve a cross-section of the society in the consultation process on Telecomm issues.

For the most part there were similar themes expressed in some of the responses and to avoid duplication Digicel follows the format of C&WJ submission which will also cover the points raised by the other respondents.

Please note that failure to respond to a particular point raised in one of the submissions does not indicate agreement with the point of view and Digicel reserves the right to offer comments in further rounds of the consultation process.

C&WJ response

Balancing the interest of stakeholders

- Digicel agrees that developing an adequate universal service policy for Jamaica is a delicate balancing act as the OUR will have to be cognisant of the varied interests of the stakeholders and ensure that each is sufficiently weighted and served adequately.

Scope of consultation

- Digicel agrees that further OUR consultations will have to go into a more detailed examination of the 'mechanics' of how the Universal Service Policy will work. The scope of this initial consultation document was to give a general overview of what

Universal Service is and what it means for Jamaica. Detailed studies of the costs involved will have to be undertaken before any policy decisions are finalised and the USO provider designated.

General comments

Universal service vs. Universal Access

- Digicel has no fundamental objections to universal access and universal service being seen as complementary objectives. Of importance will be the robustness of the policy developed and the implementation mechanism(s) utilised.

Implications for Universal service definition

- There are merits to the approach of having the two categories of ‘existing provisions’ and ‘new provide’ for defining the scope of USO in Jamaica. Notwithstanding the practical reasons for doing so, one important broad policy consideration in designating C&WJ as the de facto USO provider for existing provisions is the whether it will effectively prevent market entry by new potentially more efficient operators from servicing these areas. The OUR and the Minister need to have sufficient measures in place to ensure that the country benefits from the most efficient and modern technologies in the roll out of universal service.

Application of Market Efficiency and Access Gap to the Jamaican Environment

- Notwithstanding the limitations in the methodology pointed out by C&WJ of the OUR’s analysis, the issue of whether or not C&WJ’s obligations to install 217, 000 new lines has been fulfilled still remains unanswered. The OUR along with C&WJ will need to provide an update on the status of the installations. Digicel reiterates that any assessment of USO objectives must take into account this obligation. Funding should not be available for any lines that remain outstanding.

Functional level of service and nature of the obligations

- Digicel agrees with the OUR's position that the "provision of universal service/access should be technology neutral and therefore should not be limited to any specific technology". C&WJ seeks to limit this exclusively to fixed networks. In fact Digicel already provides USO type service/access by virtue of its coverage obligations under its licence.

Affordability

- Digicel agrees that the issue of affordability is an important consideration in developing a Universal Service Policy and agrees with C&WJ that usage rather than income is a more reliable criteria to determine affordability.
- Digicel does not agree with C&WJ's portrayal of the Fixed to Mobile issue. Fixed to Mobile charges must be viewed in the wider context of the benefits of market entry in the telecommunications sector. The contribution of Digicel in relation to expanding access, choice and affordability of telecommunications in Jamaica should not be underestimated. In the context of universal service, Digicel has provided many more Jamaicans with an affordable cellular service than was previously available under C&WJ and has also provided service to areas of the country that never had fixed, let alone cellular, services provided under C&WJ's monopoly. While C&WJ's has had a very long presence in the market, the level of investment that Digicel has been willing to commit to Jamaica in such a short space of time has resulted in a radical improvement in the two key objectives that underpin any telecommunications policy, namely accessibility and affordability. This is far from the "disastrous consequences" that C&WJ would have us believe.

Designation of universal service/access provider

- Comments on the main issues raised in this section of C&WJ's document have been made in the previous points. (ref existing vs. new provisions and use of fixed line technology)
- On the issue of pricing of offerings of new USPs – this should be subject to a consultation process.

Universal Service Funding

- There is no doubt that the OUR will have to undertake a detailed costing exercise on USO provisions which would among other things, establish the cost of providing service to new and existing areas.
- Digicel does not believe that separating the USO fund into a “new projects” and “existing service” funds as suggested by C&WJ is justified. This would tend to limit access to substantial parts of the overall fund just to C&WJ; i.e. as the incumbent it would seek to fully absorb the “existing service” fund. Clearly this would build in undesirable inflexibility of the Universal Service Policy and is especially of concern when C&WJ appears to be suggesting that the “existing service” fund could be up to 4 times the size of the “new projects” fund. The Universal Service Policy must ensure that true costs are recovered in a competitively neutral way.
- In terms of who contributes to and who receives from the USO fund, Digicel believes that the costs incurred by mobile operators in providing USO type service/access by virtue of the coverage obligations under their licences must be recognised in the overall Universal Service Policy.
- Digicel agrees with C&WJ that the method of recovery of universal service/access charges, by building such charges into the tariffs or by way of a line item on customer bills is a very important issue. Digicel also urges the OUR to ensure that a fuller discussion of this issue is contained in the second consultation document.
- Digicel's believes that it is important to adopt a Net Benefit approach when establishing an understanding of costs. This is outlined in our own response and should be read in conjunction with this section.