



SAINT LUCIA

NATIONAL TELECOMMUNICATIONS REGULATORY
COMMISSION

1ST & 2ND Floor, Rajana Group of Companies Bldg, P. O. Box GM 690, Bois D'Orange, G. I. , St. Lucia
(W.I.)

January 8, 2015

OUR REF: 140-05/01/JAN08.16/JA.02

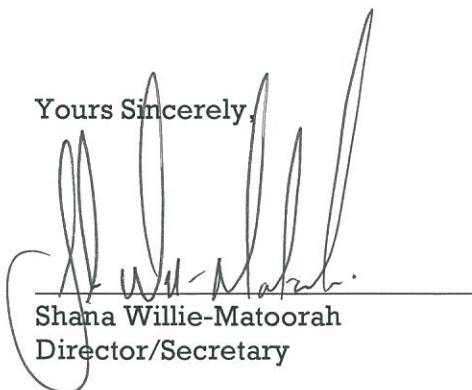
Mr. Embert Charles
Managing Director
Eastern Caribbean Telecommunications Authority
Vide Bouteille
P.O Box 1886
Castries

Dear Mr. Charles,

PUBLIC CONSULTATION ON UNIVERSAL SERVICE FUND

The Commission is in receipt of correspondence from Deidre Williams dated January 8, 2016 for Comments on the abovementioned Consultation. We are therefore forwarding a copy of the aforementioned letter from Ms. Williams for ECTEL's review and advice.

Yours Sincerely,



Shana Willie-Matoorah
Director/Secretary

RESPONSE TO:

Recommendation of the Eastern Caribbean Telecommunications Authority ("ECTEL") To the National Telecommunications Regulatory Commission to consult on Universal Service Fund Consultation Document /N0. December 4, 2015
Proposed changes to the Universal Service Fund in the ECTEL Member States

By

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COMMENTS

3.(i) Yes This is a very welcome change. However I would question that "*the provision of access devices to users*" is given first priority on the list, and appears without qualification. Also electrical power is essential to the use of devices for accessing broadband, but is not mentioned. Can (for example) phone charging points be considered?

(ii) Yes. Again a very welcome change that was argued for (successfully) during the HIPCAR consultation on the St Lucia legislation some years ago. It should be given first priority in this list.

(iii) A very qualified yes. *ECTEL recommends that the scope of the USF is to ensure that all citizens and public institutions are afforded opportunity to provide and receive information knowledge and services via ICTs that will improve efficiency, productivity and safety of our economies via publicly tendered projects.*

Is the USF ONLY about the economy? Does this limit the interpretation of "service" in (ii) above? Can "knowledge" be provided and received? Can the USF promote things for the community/society or only for the economy? This provision seems to carry too many things. "publicly tendered projects" is important enough to need its own space.

(iv) Strong yes – except that the scope paragraph ((iii) above) does not speak to access.

(v) and (vi) Is the USF to be only about broadband? If so where is this stated in the document? (Surely this is a change away from and not including the former provision for telephone service?) Neither yes nor no until clarified.

(vii) and (viii) Yes – except that the providers/contributors MUST be defined (what about the need to encourage new entrant small businesses?)

(ix) Yes

(x) Rather unclear. Will this require 2 contributions – one local, one regional – or will the single contribution be split? A good idea but needs more detail.

(xi) Yes as long as the proportion of the fund so spent is STRICTLY regulated.

(xii) See (xi) above. What is the advantage of switching the additional percentage of funds from the "open pool" to a limited function? No until that is clarified.

(xiii) Yes. I would prefer to see the extra percentage in (xii) added here to provide background research for the grants provided for startups.

(xiv) This needs more detail. Are these the startups in (xii)? If not who will be doing them?

(xv) I am unfamiliar with the “Regulations” and the “Guidelines” but it seems to me that “Guidelines” would be more flexible and therefore more eligible for a possibly annual change?

(xvi) a) Yes definitely;

b) Yes

c) Needs more detail. Would there be “lots” in both categories? Would there be any proportionality in what is proposed?

(xvii) and (xviii) Assuming that these two go together can the providers be persuaded that the proposed changes in the use of the fund should create a greater demand for what they are selling, and therefore a higher revenue to contribute from? Is there any way to build in collection of statistical data (perhaps at (xii) above) to provide evidence for persuasion? Qualified yes.

Issues

1. Universal Service

1.1 See my comments on (v) and (vi) above

1.2 Accessibility and affordability don't seem to receive as much attention as they should.

I know that the ITU interests itself in accessibility for disability (I am a member of the Dynamic Coalition on Access and Disability (DCAD) which is facilitated by the ITU) This is an area in which Saint Lucia at least could do better, especially considering the truly enormous benefits that ICTs can bring for disabled persons.

In a country/region with a growing gap between rich and poor and general economic woes affordability is an issue. Poor people are being deliberately addicted to a service that makes growing demands on their shrinking funds. Can the USF help to ensure that they at least get value for their money?

In terms of availability – not all providers are equally available in all areas. Can the USF help in any way to promote sharing of infrastructure/ good quality interconnection between providers? I realize this is more likely something for the Electronic Communications Bill, for which I missed the comments deadline. Perhaps the USF could BUY the infrastructure and then arrange things so everyone could use it? ☺

1.3 Yes definitely

1.3 See above

2. Universal Service Fund

2.1 Yes

2.2 Does the “pecuniary incentive” come from the USF?

2.3 to 2.5 Considering “underserved” would it be possible to turn the problem on its head and instead create a standard with an obligation that it be reached for everyone – if you fall below that standard you are by definition “underserved”? A knowledgeable colleague in Mexico sent me this:

“One easy way to look at this is to define “underserved” as “not a business case for an operator.” The operators as you know decide whether there is enough business to build infrastructure. They take into account the fixed investment and the running costs, and the

expectation of return of that investment. This in turn traditionally is based on the size of the population and its socio-economic composition, number of homes, etc.

They have this down to a science and they calculate for each place; there is generally no standard rule like "population must be over 5,000" because the communities vary and the investments vary a lot - you may need only 1 km of fiber for a community that appears very isolated and 10 km plus building trenches etc. for another which doesn't look that bad. With fiber remember that typical figures are like the fiber alone in a spool can cost .50 USD (50 cents) and the work of putting it in place 20 or even 50 per meter; and the telco may choose to provide the backhaul with fiber, other cable, or wireless."

Might there be a benefit in putting the onus on the companies themselves to provide the definition of those areas to which they will NOT provide a service? Even if this means there is no standard definition but justification must be given place by place?

2.6, 2.7 The argument is unclear here as to why the changes are needed. The document would be strengthened by clarification.

2.8 Yes

2.9 to 2.12 Yes except –

Must the reserve fund be set up as a separate fund?

What will be the payment obligations on the companies in setting up the regional fund?

3. Accounting Requirements Issues

3.1 to 3.3 Yes. However the tendency these days is for the bureaucracy to grow exponentially and consume the available funds in "management". 10% of a larger intake is a higher figure. Does the larger intake necessarily require a similar growth in "management" costs? It also seems to make better sense to reserve 5% for research (surveys etc.) rather than raise the "management" tranche to 15%.

4. Fund Projects Issues

4.1 to 4.3 Yes but – I would expect (xiv) to be inter alia. As stated it sounds exclusive?? Is this intended? (In other words is the fund to be dedicated to education and content?)

5 Procurement Issues

5.1 Yes the change is needed. Is it necessary to divide the lots by definition? Surely they will be divided naturally by the capabilities of the bidders? (Educational institutions are unlikely to bid to run cable, and this provision will do nothing to prevent telcos from offering education.)

6. USF Contribution

6.1-6.4 Yes. Is it possible to build in some demonstration that successful implementation of the USF will produce greater revenue for the contributors? I am assuming that "revenue" excludes the 15% VAT payment?

7. Review of Universal Service Regulations.

Yes of course.

Deirdre Williams

8th January, 2016