

# **CONSULTATIVE DOCUMENT**

## **UNIVERSAL SERVICE POLICY**

### **Introduction**

The Overall objective of any universal service policy in Barbados is to ensure:

- (i) every resident and business enterprise in Barbados has access to reliable and affordable telecommunications services (both narrow band – plain old telephone service {POTS}); and broadband (high speed always on internet).

The Telecommunications Act 2001-36 at Part VII outlines the Universal Service Obligation, and the Telecommunications (Universal Service) Regulations, 2003 – S.I. 2003 No. 97 outlines the mechanics of The Universal Service Obligations (USO).

### **Requirements of USO**

Section 33 (1) of Cap 282 B states:

- (1) There shall be a universal service obligation which is an obligation imposed on the Universal Service Carrier designated by the Minister under section 34 (1) to
  - (a) ensure that basic telecommunications service, which is the ability to access dial tone in order to make telephone calls to other end-users, is reasonably accessible to all people in Barbados on an equitable basis wherever they reside or carry on business;

- (b) ensure that payphones are reasonably accessible to all people in Barbados;
  - (c) permit access to directory inquiries;
  - (d) permit access to emergency numbers free of charge;
  - (e) provide appropriate telecommunications equipment to disabled persons to ensure access by those persons to the basic telecommunications service.
- (2) In giving effect to the provisions of subsection (1), the Minister shall ensure in furtherance of the policy referred to in that subsection,
- (a) the universal service obligation described in this Part is fulfilled as efficiently and economically as practicable;
  - (b) the net avoidable costs that result from providing services in the course of fulfilling the universal service obligation are recovered from all carriers and service providers in accordance with sections 35 and 36 on an equitable basis;
  - (c) the universal service obligation does not impose an unfair or unreasonable burden on the universal service provider or persons required to contribute to the provision of universal service;
  - (d) the provision of the universal service obligation is coordinated with cost oriented pricing efforts so that rate structures and levels for telecommunications services

appropriately reflect underlying cost structures and levels;  
and

- (e) the universal service obligation is transparent, non-discriminatory, non-preferential, and competitively neutral.
- (3) The Minister may, after consultation with the Commission and the universal service carrier, modify in writing the universal service obligation referred to in section 33 (1).
- (4) In modifying a universal service obligation pursuant to subsection (3), the Minister, in consultation with the Commission
- (a) shall permit the universal service carrier concerned in the modification, to recover the cost of providing the modified universal service obligation; and
  - (b) ensure that no unfair or unreasonable burden is placed on the universal service carrier or any person required to contribute to the provision of the service.
- (5) In this section “net avoidable costs” means all costs incurred by the universal service provider in connection with the fulfillment of the service obligation less any revenues derived from the provision of universal service.

Section 34 of Cap 282 B states:

- (1) The Minister shall designate in writing a carrier to be the universal service carrier for Barbados.

- (2) A designation under this section takes effect on the date specified by the Minister and shall have effect for the duration of the licence of the universal service carrier unless otherwise specified by the Minister, or unless the Minister designates another carrier to be the universal service carrier.
- (3) Where the Minister designates another carrier as a universal service carrier under subsection (2), the Minister shall give 12 months notice in writing of the new designation.
- (4) The carrier licence or the service provider licence of a designated universal service carrier is subject to the condition that the carrier must fulfill the universal service obligation.

Section 35 of Cap 282B states:

- (1) The Commission shall prescribe a charge to be known as “an access deficit charge” to be paid by all carriers and service providers interconnecting to the service.
- (2) The Commission shall establish guidelines in writing for determining the amount of the access deficit charge.

Section 36 of Cap 282B states:

- (1) There is hereby established a fund to be known as a Universal Service Fund, the resources of which comprise such amounts as may be collected under the authority of this Act from all carriers and service providers for the purpose of funding the universal service.

- (2) The Universal Service Fund shall be administered by a person designated by the Minister in accordance with regulations made for the purpose by the Minister.

### **Requirements Completed To Date**

Cable & Wireless (Barbados) Limited was declared the Universal Service Carrier in the year 2003 and a Universal Service Fund Administrator was appointed. The financial year of the universal carrier starts on April 1, each year and ends on March 31.

### **Proposals**

All carriers and service providers licensed under the Act should contribute to the Universal Service Fund. These should include inter alia:

- (1) All Mobile Service Providers;
- (2) All Domestic Fixed and Fixed Wireless Service Providers;
- (3) All International Service Providers;
- (4) All Trunking Service Providers;
- (5) All Data Communication Service Providers;
- (6) All Internet Service Providers; and
- (7) All Wi-Fi and Wi-Max Service Providers.

The above providers must be involved in the provision of service to the public.

The fund should be collected from all service providers on a basis which is transparent and non-discriminatory.

At present in the Caribbean, the USO is funded as follows:

- (1) by a levy on call termination rates – Jamaica
- (2) as a percentage of Annual Gross Turn Over (AGTO) – 1% in the Organisation of East Caribbean States (OECS).

We propose that the USO should be funded by the collection of 1% of AGTO from all the listed carriers, including the USC. The Fund Administrator should determine the amount to be collected from each provider.

The Fair Trading Commission should lay guidelines an access deficit charge prior to the draft Universal Service Plan being discussed between the USC and the Minister. In order that this access deficit charge for the USO to commence on April 1, 2006, this should be done no later than September 30, 2005.

In the first instance, Universal Service should be used to facilitate the reduction of time persons now wait to obtain an initial fixed telephone and to provide improved telecommunications for the disabled. The USO can be modified in future years.

Around November 1, 2005, the USC should submit a draft universal service plan to the Minister. A consultation with all Licensees will then be held.

Copy Regulations 5(2) and 5(3) of S.I. 2003 No. 97.

The final plan should be agreed between the Minister and the USC.

We need to appoint a USF administrator in accordance with Regulation 9 of S.I. 2003 No. 97.

Regulations 10 to 24 of S.I. 2003 No. 97 outline the methodology for the administration of the USF.

Comments are required by no later than August 31, 2005.

Abbreviations

USC – Universal Service Carrier

USF – Universal Service Fund

USO – Universal Service Obligation

Prepared by: Telecommunications Unit – Ministry of Energy and Public Utilities

Dated: July 20, 2005