

The Present and Future role of the Regulator in the ICT Sector

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Outline

- Milestone in ICT policy and regulatory reforms
- The Regulatory Process
- The ICT Operating Environment
- The Challenges ahead
- Regulatory Reform Model
- Adaptive Regulations
- New orientations in Regulation
- Summary

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"The future is here. It's just not evenly distributed yet."

-- William Gibson

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Milestones -- Telecoms/ICT reform

- Feb 1998: Mauritius becomes a signatory the GATS 4th protocol of the WTO
- Nov 1998: The Telecommunications Act (TA98) is passed
- Nov 2000: Telecommunication (Licence Fees) Regulation 2000 is made
- Dec 2001: The ICT Act 2001 is passed
- Dec 2002: ICT (Amendment) bill 2002 is passed to end the exclusivity of MT
- July 2003: Regulations to introduce new licensing structure
- July 2009: Electronic Transactions Act amended to make better provision for secure transac

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Regulation Primer -- Incremental model

Timeline

- Policy
- Legislation
- Regulation
- Operation

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The ICT market

- Fixed telephony
 - Local (2)
 - International (8)
 - Conventional
 - Internet Telephony
- Mobile telephony (3)
- Services related to fixed and mobile telephony (2)
- Dial-up Internet
- Broadband Internet
- Wholesale
- Sale of Equipment

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New business opportunities

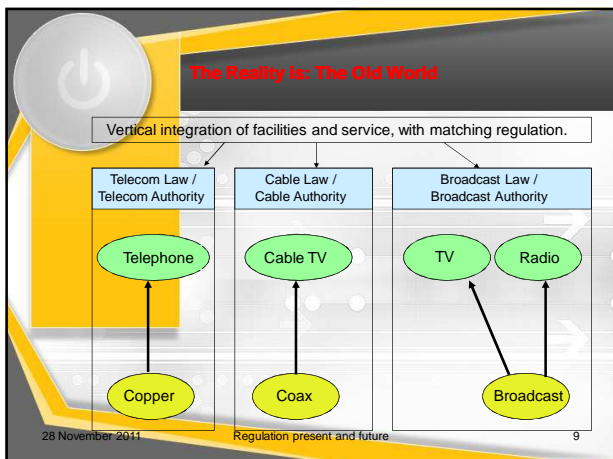
- Call centres and BPO currently in place
- KPO is the emerging sector
- BPV is also setting the stage
- Regulatory reform in line with the 'Reform Continuum Model' – evolving business model of ICT regulators towards achieving deregulation of the sector

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Regulatory Process

- ICT Sector Regulation should be:
 - Open & Transparent
 - Predictable
 - Neutral & Objective
 - Expert
 - Designed to *reduce regulatory risk* and *set basic rules*, not to promote any particular technology or company
- Same for Enforcement
- Above all: Independent!
 - If the regulator has an interest in the financial success of one of the competitors, it will not be seen to be independent (even if the staff are good & fair)
- Investors care a lot about *Regulatory Risk*

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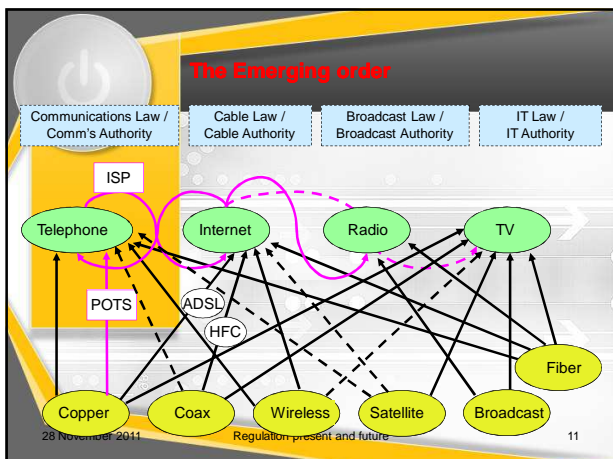


Regulatory functions - present

Ex-ante:

- Licensing – means of 'regulating' competition
- Wholesale (and retail) tariffs - RoR
- Scarce resources management (competitive-neutrality)
 - Spectrum Management
 - Numbering
 - Right of way
- Access and interconnection agreements

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The Future

- Services (voice, data, TV, etc.) will no longer depend on specific facilities (copper, radio, coax, satellite)
- All services will be available over all communications facilities
 - So: Regulators should allow all infrastructures to compete in an open market to offer the cheapest, highest-quality services


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The Future

- A vision of the future:
 - **Any (licensed) communications provider should be allowed to offer any communications service, using any available facilities, and should be allowed to use or avoid the incumbent telecom's network as it thinks best.**
- There is no technical reason to force a particular service onto a particular kind of infrastructure
 - **Q: Is there a good economic or political reason?**

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The Future is Here:

- The Internet protocol is spreading in all directions, for all services.
- Before long, the vast majority of communications (voice, text, pictures, data, broadcasting, movies, multimedia, web, email, etc.) will travel over Internet-based networks.

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The Future is Here:

- The question for us is mainly:*
 - Embrace this coming reality, and regulate in a way that fits the new technology.
 - Or:
 - Cling to yesterday's regulations, try to shove the new technologies into them (and hope the future goes away).

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Regulatory Risks

- Bad ICT regulation means artificial barriers to technology, which means:
 - higher costs,
 - fewer services
 - less reliability
 - lower quality of service
 - unequal distribution of access and services

for every individual, every company, every sector of the economy.


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Challenges - 1

- Technologies:-
 - **Convergence (telecom, IT, B/cast, banking)**
 - **Access and transmission (core)**
 - **Intra & inter-segments + cross sector**
- Business models
 - **Capex v/s opex**
 - **Products and services**
- What to leave to competition (ex-post) and what to regulation (ex-ante) ???
- Upstream v/s downstream markets
- How fast legislations adapt

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Challenges - 2

- Trust and security are central to developing the Digital Economy.
- They hinge on assuring all users, from consumers to businesses and governments, that their use of systems and network services is secure, reliable and verifiable.
- Just as in the real world, an environment of trust is needed in the digital world, if it is to fulfil its enormous potential as a major medium of economic and social activity.
- Identity management become central.

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Identification is the Challenge

Growing threats in the new Space

"On the Internet, nobody knows you're a dog..."

Are you the one you claim to be? - IDm

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Regulatory Reform Model

Continuum of perspectives on competitive reform in the telecommunications regulatory framework

Source: Oolun, M.K. (2007), "Sustained Regulatory Reforms in Telecommunications: Strategy for Emergence of a Knowledge Economy", MBA dissertation, Leicester University.

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Our priorities

- CONVERGENCE – How do we perceive convergence?
- How do we respond?
- POLICY – What policies have we instituted?
- REGULATION – What regulations are in place?
- PROMOTION – Promotion by regulation?

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Future Regulatory Intervention

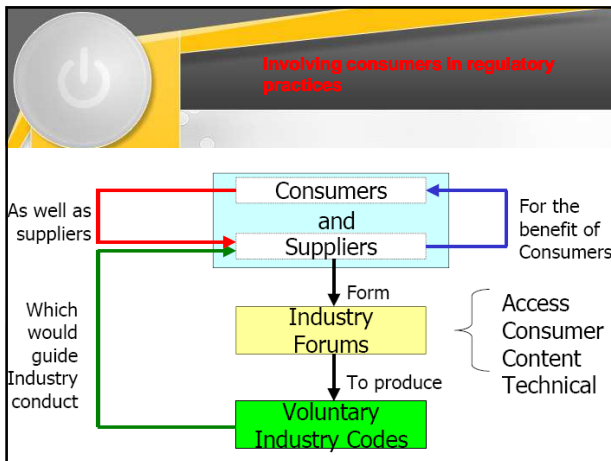
- Universal Access and Service
- Security
 - IDm
 - Certification Authority
 - CSA

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Securing communications for All

- Technical regulations
 - Child protection platform
 - Public Key Infrastructure
 - Curtailing illegal and harmful contents of the Internet and other ICT systems
 - Follow-up of the COUNCIL WORKING GROUP ON CHILD ONLINE PROTECTION under the ITU

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Summarise

- Milestones in ICT policy and regulatory reforms
- The Regulatory Process defined
- The ICT Operating Environment presented
- The Challenges ahead analysed
- Regulatory Reform Model described
- Adaptive Regulations need
- New orientations and fields of intervention for future Regulation

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Thank You very much for your kind attention

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"The comparison to the old world is something to get excited about. We have the potential for more choice and innovation, and a different regulatory environment that doesn't place as much weight on economic regulations of terms and conditions"

[Michael K. Powell](#)

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