REGULATIONS IMPACTING INVESTMENTS

CANTO ANNUAL CONFERENCE & TRADE EXHIBITION

Opal Neil
REGULATIONS THE BALANCING ACT

PUBLIC INTEREST

GOVERNMENT:

New providers to enter market (investment)

Efficient roll out of networks

CONSUMERS:

Services and products available

Reasonable prices

Quality

PRIVATE INTEREST:

Recoup investment in reasonable timeframe

Regulatory certainty i.e., rules are fair and can be relied upon

Investments are safe – e.g., no arbitrary changes in obligations, taxes
DIGITAL DISRUPTION IS HERE
Increasingly for services consumers are opting out of the regulated space

Robust competition at service level including new providers

Traditional providers facing revenue crunch

Regulatory rules are uncertain e.g. they don’t apply equally to all players

Increasing demand for bandwidth to power applications customers use

Need for increased network roll out for coverage & speed
<table>
<thead>
<tr>
<th>Policy Issue</th>
<th>Policy Tool</th>
<th>Regulatory Developments in the Caribbean</th>
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<tbody>
<tr>
<td>Network roll out</td>
<td>• Roll out commitments in license</td>
<td>Increased focus on infrastructure sharing regulations</td>
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<tr>
<td></td>
<td>• Infrastructure sharing regulations</td>
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<tr>
<td>Promoting market entry (network &amp; service)</td>
<td>• Interconnection regulations</td>
<td>Increased focus on infrastructure sharing regulations and access regulations</td>
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<td></td>
<td>• Access Regulations</td>
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<td>• Infrastructure sharing regulations</td>
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<tr>
<td>Reasonable prices</td>
<td>• Price regulation e.g. price cap</td>
<td>Lessening in most markets</td>
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<td>• Requirement for regulator to approve price changes</td>
<td>Increased focus on regulatory discretion around price changes, leading to inadequate pricing flexibility</td>
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<td></td>
<td>• Notification of price changes to regulators</td>
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<td>Good quality service (QoS)</td>
<td>• QoS regulations – (usually in the form of periodic monitoring &amp; reporting obligations</td>
<td>Increasing requirements for network and customer service standards</td>
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<td>Consumer rights</td>
<td>• Consumer rights regulations</td>
<td>More focus, on traditional concerns e.g. consumer contracts, terms and conditions of service, not enough on new issues e.g. privacy &amp; monitor ways firms monetize data</td>
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TO MAKE THE BUSINESS CASE

INVESTORS NEED TO BE CONVINCED THAT:

- The rules of the game can be relied upon
- Competitors will share in risk, not just reward
- Regulation will strike appropriate balance of the various interests
- Operators have a reasonable opportunity to sharpen the regulatory landscape
- For network assets, they extract reasonable value or return on investment
- Regulated cost based e.g. TRLRIC pricing does not create shareholder value, is disincentive to investment
- Market rates / commercial agreements incent investors
- Rapid technology change means investor needs to mean shorter period to recover investment
RESULTS OF COMMITMENTS TO DATE
- MEASURING INFORMATION SOCIETY REPORT 2016

✓ St Kitts and Nevis showed greatest improvement moving up 20 places in IDI ranking from 54th to 34th between 2015 and 2016

✓ Dominica, Grenada and St Lucia also included in eight countries that moved up more than five places in the ranking

✓ All Caribbean countries included in the report have improved in score or ranking or both

✓ Some factors contribution to performance of St Kitts & Nevis
  • Mobile broadband penetration – 19% to 71% in a year
  • Rapid increase in active broadband subscriptions
  • Investments in the region e.g. C&W Project Marlin 2014 invested USD 250 million in networks across the region & investment by other providers
  • Market competition
  • Change in the usage sub index – adoption rate
REBALANCING REGULATIONS

✓ Ensure workers, entrepreneurs and citizens have access to leverage the information economy
✓ Ensure continued investment in the sector
✓ More collaborative approaches
✓ Include demand driven considerations
✓ Consider wider national / regional development plans
As we reimagine ICT as a tool for national growth & development let us also reimagine regulations for the industry

Thank You