

REPORT
TELECOMMUNICATION DEVELOPMENT BUREAU (BDT)
COSTING INTERCONNECT SERVICES WORKSHOP
Barbados, October 15-16, 2002.

General

The BDT scheduled a workshop in Barbados over the period 15 – 16 October 2002 to familiarize persons from regulatory and operating agencies with the fundamentals of the methodologies to estimate interconnect and access costs in Latin America and the Caribbean countries. There were 55 participants from 16 countries

In his opening address, the chairman of the workshop Mr. Philip Cross, ITU Area Representative, Barbados, indicated that the workshop manifests the commitment of the Director, BDT, Mr. Hamadoun Touré to assist developing countries in the Caribbean to develop a fair and equitable pricing regime for interconnect services. He intimated that pursuit of that objective should augur well for delivery of more affordably priced ICT services to a wider cross section of communities in the region, in particular rural communities where access to telecommunication services remains unsatisfactory.

Mr. Austin, General Manager, Cable & Wireless, Barbados, contended in his remarks that while the objective of his company is to eliminate cross subsidies, the company was experiencing difficulties in attaining such since accounting separation is proving to be difficult. He advised that due consideration should be given to the importance of the switching matrix and asset valuation in costing interconnect services. He promised that his company would work together with the Government to facilitate the advent of competition in the region.

Senator Tyrone Barker, Parliamentary Secretary, Ministry of Economic Development, in delivering the feature address, said that the Government of Barbados is committed to liberalizing the market for telecommunication services consistent with WTO stipulations. In this regard, the government advocates the unbundling of interconnect services as part of its strategy to ensure affordable tariffs for down-stream telecommunication users. He noted that under the Telecommunication Act, 2001, the Fair Trading Commission (the telecommunication regulatory body) is empowered to set and review rates, including the price of interconnect services. He hinted that Long Run Incremental Cost (LRIC) could be the preferred methodology for costing interconnect services.

Justice Frank King, Chairman, Fair Trading Commission, Barbados, asked that words of commendation be conveyed to the BDT for the timely hosting of a workshop of signaled importance to Caribbean countries; given the enormity of problems being experienced in the region in establishing fair interconnect systems. These systems are fundamental to successful market liberalization in the region. He made a clarion call for a harmonized approach in solving the contentious issues pertaining to interconnect costing and reminded the ITU of its obligation to continued assistance in attaining an amicable resolution.

Presentation Re: COSITU by: John Prince

COSITU was presented as a flexible and user-friendly software which can be used to estimate a number of cost, price and planning variables for the delivery of ICT services of which voice telephony is included.

The efficacy of COSITU is dependant on the user in terms of data and manipulation.

A detailed demonstration as to the number of parameters COSITU is capable of estimating was given. Compared with the market price of comparative software the presenter opined that COSITU is priced significantly below cost. The participants agreed.

There was consensus on the need to pursue COSITU. However, most of the participants who expressed interest in COSITU indicated that it may be ideal to await version II, which is expected to be revised to accommodate the TAL interconnect model.

Participants were encouraged however, that given the minimal capital outlay, it would make good economic sense to purchase version I since it can be utilized for other purposes outside of the TAL model which impact the delivery of ICT services that need immediate attention.

General Findings

The discussions underlined the need in the Caribbean for:

Harmonization of legislations and regulations regarding interconnection, taking into consideration WTO and ITU specifications;

Deepening of understanding among a critical mass of personnel in the region who deal with the issues of managing and costing telecommunication services;

Greater attention to be given to, and more comprehensive discourse on, the manner in which technology affects the cost of telecommunication services; and

Intensification of the debate on the importance of dismantling the last vestige of telecommunication monopoly in the Caribbean and the creation of markets that are fair to all players, including end-users.