

	<p align="center">China-ITU Seminar on Universal Service and Consumer Rights Protection Guiyang, China, 24 – 25 August 2005</p>	
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SUMMARY REPORT

Session Summary

Name of Session:	Session 2: Trends and Issues in Universal Service and Consumer Rights Protection
Name of Moderator:	Mr. Christian Nicolai
Name of Speaker(s):	Mr. Su Jinsheng Mr. Eric Lie
Summary of Presentation:	<p>In his presentation, “Universal Service and Consumer Rights Protection in China”, Mr. Su Jinsheng outlined the development of rural communications and universal service as well as the status of consumer rights protection in China. With regard to universal service, he made particular reference to the rural access projects currently implemented. Mr. Su went on to give an overview of the government regulation of consumer protection, emphasizing the different elements of consumer rights protection in China.</p> <p>In his presentation “Trends in Universal Service and Consumer Protection”, Eric Lie gave an overview of ICT growth trends and trends in general, such as the introduction of competition and privatization, as well as trends in universal service and consumer protection. He concluded by introducing the work of the ITU, highlighting in particular the regulatory resources made available to its members on the two topics.</p>
Highlights of Question & Answer period:	<p>Participants asked for more information on the topic of access deficit charges and micro credit. The situation in India and Australia were highlighted as examples of the former while the example of Grameen phone in Bangladesh was highlighted in the case of the latter. Regarding a question on contributions to the Universal Service Fund, it was noted that such funds were typically funded by operator contributions as a percentage of their revenue or, more rarely, by the national budget.</p> <p>The question of how spectrum was assigned in China for rural services was also raised.</p>

Name of Session:	Session 3: Universal Service and Session; and Session 4: Best Practices and Universal Service
Name of Moderator:	Mr. Yi Xueqing
Name of Speaker(s):	Prof. Patrick Xavier Mr. Christian Nicolai Mr. Li Deming Ms. Sadhana Dikshit Mr. Anders Lillehagen
Summary of Presentation:	<p>Presenting on “Managing the Transition in the Universal Service Regime in View of Forthcoming Challenges, Prof. Xavier detailed some of the challenges facing universal service programmes. He highlighted, in particular, concerns with the uneven introduction of next generation network (NGN) services and its effect on universal service obligations (USO). In the transition to a new USO regime, Prof. Xavier emphasized the need to have a systematic strategy that would take into account elements such as the inefficiencies caused by USO, the state of market liberalization and technological innovation. He concluded by discussing the financing of universal service.</p> <p>Mr. Christian Nicolai presented on the “Telecommunications Development Fund in Chile”. After giving a country overview, Mr. Nicolai detailed the origins and the functioning of the Chilean Telecommunications Development Fund. To illustrate its operation, he provided examples of telecentre initiatives, a transmission project and a connectivity project to extend broadband access to rural schools.</p> <p>Mr. Li Deming presented on “Telecommunication Universal Service in Guizhou province”. After introducing Guizhou province, he detailed the process of rural communications development in the province, noting many of the challenges and successes.</p> <p>Ms. Sadhana Dikshit presented on the “Funding of Universal Service and the Management of the Fund: The Case of India”. She explained what the scope of universal service in India and the mechanisms that support it. In particular, she described the organisation and functions of the USO Administrator and the process it uses to raise and allocate funds. She concluded by highlighting the challenges they faced as well as their plans for the future.</p> <p>Mr. Anders Lillehagen presented on “Universal Service in Norway”. He introduced the topic first by giving an overview of the Norwegian incumbent, Telenor, and if the status of telecommunications in Norway. He noted that Universal Service has been achieved in Norway with all households having a telephony service.</p>
Highlights of Question & Answer period:	<p>During the Q&A session, clarification was sought on the tariffs in India. Mobile tariffs were noted to be relatively low. A question was also asked as to the source of the funds collected by the Indian Universal Service Fund. India clarified that it comes from the operators. However, there is a provision allowing them to ask the government for more funds. In the first year they collected 1500 million USD from operators.</p> <p>Telenor was asked why it did not ask for compensation for providing universal service. It explained that it did not do so to avoid having the government impose a universal service fund requirement.</p>

Name of Session:	Session 5: Consumer Rights Protection; and Session 6: Best Practices in Consumer Rights Protection
Name of Moderator:	Mr. Wen Ku
Name of Speaker:	Ms. Gracie Foo Mr. Ewan Sutherland Ms. Kathleen Silleri Dr. Chang-Beom Yi Ms. Sharizan Abdul Aziz
Summary of Presentation:	<p>Ms. Gracie Foo presented on “Consumer Protection Policy and Regulation”, focusing on the experience of Hong Kong, China. She noted that consumer protection has taken on a greater importance with market liberalization in Hong Kong, China. She went on to detail how the Office of the Telecommunications Authority (OFTA) protected consumers through legislation and licenses, co-regulation and industry self-regulation and consumer education and information.</p> <p>Mr. Ewan Sutherland presented on “Universal Service and Consumer Rights”. After a brief overview of his organisation, the International Telecommunications Users Group (INTUG), Mr. Sutherland went through different aspects of consumer protection and gave country examples, such as that of the United States and the European Union, to highlight the different approaches taken to address them. He concluded by highlighting emerging issues in the area of consumer protection and suggested that China (and other countries) select mechanisms that suit their particular culture and legal system.</p> <p>“Telecommunications consumer protection in Australia” was presented by Ms. Kathleen Silleri. She went through elements of the “regulatory pyramid” of consumer protection that layered legislation, regulations, standards, enforced and voluntary self-regulation, and competition. Enforced self-regulation, for example, covered aspects such as industry codes and the Telecommunications Industry Ombudsman while voluntary self-regulation includes examples such as guides on hardship and reasonable access for people with disabilities. She also highlighted the role of the Australian regulator, the Australian Communications and Media Authority (ACMA) in consumer protection.</p> <p>Dr. Chang-Boem Yi presented on “Characteristics and Countermeasures of Consumer Issues in Korea”. In his presentation, he gave details of the main consumer problems in the ICT environment in Korea, particularly in the e-commerce sphere. He went on to detail measures Korea has taken to through laws and regulations, institutions, consultation and mediation bodies and self-regulation. He concluded by giving an overview of international cooperation activities in the area.</p> <p>Ms. Sharizan Adbul Aziz presented on “Protection of Consumer Rights and Convergence: The Experience of Malaysia”. After introducing the origins of the Malaysian Communications and Multimedia Commission, Ms. Sharizan went on to detail the laws and institutions responsible for consumer protection in Malaysia. She provided details of the regulations governing Quality of Service, required applications and services, the resolution of consumer disputes, rate regulation and universal service provision.</p>

Highlights of Question & Answer period:	<p>During the Q&A session, Ms. Foo was asked how OFTA dealt with negative responses from operators on measures taken to protect consumer interest. She explained that operators are generally very supportive of consumer education programmes. When it comes to investigation of consumer complaints or potential breach of license conditions or legislative provisions, operators tend to be more cautious but many of them will remain cooperative as they care about their companies' goodwill. Nevertheless, she emphasized that it is also important that regulator's investigative actions are backed up by enforcement powers. Ms. Foo was also asked about the absence of minimal QoS. She explained that in an open market regulators do not determine the service level in detail. These are determined by the operators through competition. She clarified further the role of operators in a self-regulatory framework.</p>
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Name of Session:	Session 7: Panel Discussion
Name of Moderator:	Dr. Eun-Ju Kim
Name of Panelists:	Ms. Sharizan Abdul Aziz Ms. Sadhana Dikshit Mr. Anders Lillehagen Mr. Christian Nicolai Ms. Kathleen Silleri Mr. Ewan Sutherland Prof. Patrick Xavier Dr. Chang-Beom Yi
Summary of Panel:	<p>The panel started the discussion by discussing the evolutionary path of universal service definitions. Prof. Xavier noted that many countries have adopted such an approach, starting with basic voice service and slowly extending it to Internet access. He also noted that developing countries typically start off on a more modest scale with universal access. Many developed countries, however, have already mandated narrow-band Internet access for universal service and are now looking at broadband.</p> <p>In the case of China, the target is to have universal access on an administrative village level. By 2010, all these villages will have universal access to telephony while all townships will have access to the Internet. By 2020 universal service for basic telephony would be extended to everyone.</p> <p>While the case of Norway might not be appropriate given the particular historical circumstances, Malaysia is now currently in the process of rolling out universal access to rural and remote areas. The implementation is closely monitored by the regulator, particularly with regard to time frames.</p> <p>Mr. Sutherland spoke on the topic of the impact of VoIP on the collection of funds for universal service/access. As revenue from voice calls diminishes (largely as a result of increased VoIP based competition), the revenue base from which payments into the universal service fund are taxed shrinks.</p> <p>Mrs. Dikshit mentioned that in India, payment into the fund is made along with payments for license fees as the same revenue base is used. It is also a non-lapsable fund with allowance for government funds to supplement it.</p> <p>China noted that they do not currently have a universal service fund. In China, the process of implementing such a fund is more complex as more institutions are involved such as the Ministry of Finance. They currently do not have a fixed timetable for the establishment of such a fund.</p> <p>In response to a question, Chile detailed its experience with the establishment of telecentres, particularly with regard to their sustainability. Mr. Nicolai mentioned that in most cases telecentres were sustainable when other institutions became involved, such as libraries and universities. For example, a joint venture with the education ministry will provide Internet access to rural schools. The initial hurdle to overcome is typically how to extend connectivity to remote areas. Then, the distribution of affordable access portals (such as laptops) is another consideration. All in all, the most important thing for successful implementation is commitment and relevance. The community has to be interested in the services offered and is willing to support the facility.</p>

**Summary of Panel
(continued):**

Following a question on what stumbling blocks China had in the area of universal service, it was explained that before the reform of the telecommunications sector which split China Telecom into multiple units, universal service was not an issue as the incumbent was required to provide it. After the reforms, issues of compensation were raised. These issues are currently being resolved.

In the discussion that followed, Mr. Lillehagen noted that it was important for operators to be pushed to reduce costs. Mr. Sutherland agreed but warned, however, that the application of the universal service funds can favor incumbent operators. In France, for example, operators can only bid for funds if they can provide service on a national level. However, wireless technologies now allow services to be provided affordably in smaller and more targeted pockets.

Shifting to the topic of consumer protection, The panel was asked how billing accuracy could be improved particularly as consumers attached great significance to billing. Ms. Silleri explained that in Australia, operators had to obtain certificates certifying the accuracy of billing systems. Operators are also required to follow guidelines set out in a billing code as to what explanations should be given to consumers. In Malaysia, Ms. Sharizan mentioned that there are quality of service requirements for billing. If there are billing complaints on a large scale, the service provided is also investigated. Mr. Nicolai added that in Chile, a new Bill was introduced on the topic. The proposed Act would specify what content bills would be required to display in detail and the way that billing content should be presented. For example, details of how billing complaints can be made must be included.

In reply to a remark made regarding consolidated billing, Ms. Silleri noted that such services are available in Australia. Similar services are also provided for low-income households to allow easy budgeting. Mr. Sutherland warned, however, that the bundling of services could be a competition problem. Only few operators can provide all services. He also noted that a much bigger issue concerns pre-paid billing, as most Chinese mobile users are pre-paid customers. Billing in this case is opaque. As such, an avenue to check whether billing is accurate must be implemented by regulators. One way is for the regulator to use anonymous shoppers that sample services randomly and examine their accuracy.

The problem of balancing operator rights and consumer rights was then raised. Ms. Silleri explained that in Australia this was also a concern. In particular, there was a need to ensure that there are strong consumer bodies to make representations as industry normally had a loud voice. As such, authorities may need to support the creation of consumer bodies.

The problem of remaining credit in pre-paid calling cards on their expiry was raised as a significant concern in China. Mr. Sutherland noted that in many countries, there is usually legislation for the financial sector covering the issue of stored credit. This could be harmonized with that dealing with stored credit in the telecommunications sector as well. In Malaysia, Ms. Sharizan explained that the onus is normally on the customer to read the terms and conditions as to the expiry date. However, these terms and conditions must be clearly reflected. She noted that operators frequently complain that the administrative costs to refund credit often outweigh the credit to be refunded. Currently, however, operators now are now being persuaded to extend the validity of their cards. In Australia, Ms. Silleri explained that a code on contracts renders some terms unfair. As a result, operators have undertaken to provide consumers long limits to use credit.

**Summary of Panel
(continued):**

On a question regarding enforcement, and more specifically whether penalties specified in legislation or regulations are typically applied, Australia replied that it had not taken an operator to court yet. Interim measures such as formal warnings, which involve naming and shaming, have proven effective. In Malaysia, where penalties include prison sentences for operator officials, it was noted that the introduction of such penalties have increased reporting accuracy. It was clarified, however, the imposition of these penalties are usually reserved for repeat offenders. Furthermore, it was noted that in Malaysia, the effectiveness of fines does not rely on the monetary penalty itself; instead it relies on the fact that these are reported in annual reports for listed companies.

A representative of the Telecommunications Research Academy of the Ministry of Information Industry, China (MII) noted that number portability appeared difficult to implement and enquired how number portability progressing in the mobile market. Mr. Sutherland replied that number portability was started in Hong Kong more than 10 years ago. Since then, data has been kept by their regulator, OFTA, on subscriber movements. From the data provided by OFTA, consumer movements are seen to be seasonal, reflecting changes in marketing campaigns. As such, number portability becomes part of the marketing process. Mr. Sutherland went on to note that a host of different solutions have been implemented in many countries. He mentioned that operators would resist number portability even though there remain no technical hurdles to implementing number portability. Mr. Lillehagen noted that number portability solutions are available off the shelf. However, the technical solution is just one part. Administrative procedures of the operators, however, also have to be taken into account. As such, regulators have to ensure that administrative procedures do not act as an impediment. It finally noted by the moderator that Korea implemented number portability last year. Operators there have considered this as a way to obtain new customers.

In conclusion, the moderator asked the panel what process was necessary to establish a consumer organization. In reply, Ms. Silleri stated that in Australia, the regulator was required to establish a consumer forum by legislation. Its function is to provide the regulator with advice on consumer concerns. The consumer forum there is made up of different interest groups such as rural, disabled, minorities, indigenous people, etc. They meet once every three months and there are no operators present. From that forum issues are then identified for the regulator to deal with. It was also noted by Mr. Sutherland that there was a telecoms user group in Australia. He also mentioned that there is also a chamber of commerce that dealt occasionally with telecommunications issues. He noted, however, that industry groups tend to be more operator biased. He also noted that public consultations on consumer issues are often difficult to conduct as responses from individuals are difficult to obtain. He mentioned in conclusion that it was important to remember that certain institutions, such as ombudsmen, work well only in certain contexts, typically where there has been a long history of such activism. As such, countries have to make the effort to develop new solutions or tailor existing ones to suit their systems and culture.