



Regulatory Challenges and Opportunities

Viewpoints from a Newly-Established Regulator

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Outline

1. The TL 2011 Telecom Policy
2. Market liberalisation and its outcomes
3. Challenges
4. Opportunities

This talk presents a viewpoint from the ANC, the National Communications Authority of Timor-Leste on the regulatory challenges and opportunities in dealing with the fast moving world of telecom and information and communications technologies



Background of Our Telecom Policy (NTP2011)



- Recognizing that access to efficient and technologically advanced telecom services is a necessary condition for the social and economic development of Timor-Leste; and that competition makes markets efficient and provides sustainable market incentives for technological advancement;
- In 2011, the Council of Ministers adopted a national telecom policy to fast-track the extension of telecom services to the population by way of market liberalisation.



Objective of NTP2011

- That the entire population has access to telephones (either fixed or mobile) in 2015, and that the “broadband” Internet is available in all district capitals and surrounding in the same year;
- That the utilization of the main telecom services – fixed and mobile phone (together) with “broadband” Internet access – is raised to a level above the average of that of the low income countries in 2015.



Telecom Sector Reform

To achieve those objectives, our government embraced the opportunity of telecommunications reform that essentially take the form of:

- transitioning to a competitive telecom market;
and
- the establishment of an independent regulator.

Market Liberalisation and Its Outcomes



Challenges in 2011	NTP 2011	Results in 2015
Market of a single operator with concessional rights	Transition to a competitive market	A vibrant market with 3 actively competing operators
Inadequate service coverage	Extend service coverage through private investments	<ul style="list-style-type: none"> • Service coverage > 96% population (2015) • Internet bandwidth has increased from ~100Mbps (2012) to ~3,600Mbps (2015)
Costs are high and low penetration rate	Reduce prices through market efficiencies to increase penetration	<ul style="list-style-type: none"> • Service charge sdrop significantly • Penetration rate > 58%



Challenge: A Small Market

Heading	2012	2013	2014
Rendimento Operacionais	Not Shown	\$62,229,000	\$46,571,000
Rendimento Totais	Not Shown	\$62,234,000	\$48,284,000
Resultado Liquido	Not Shown	\$8,122,000	\$537,000

The table above illustrates the financial outcomes of a service operator;
A small market often results in a very tough competition;
A small market also makes capital intensive investments such as International submarine cable a more difficult decision.

Challenge: Protect market from anti-competitive practices



The success of telecom regulation can be measured by **equity toward service providers** and **efficiency of the market** that includes:

- Reduced barriers to enter and exit from the market;
- Protect market from anti-competitive practices such as predatory pricing, cartes, etc.

In a small market, competition can get very intense. We want competition but need to watch-out for “anti-competitive practices”.

Challenge: Protect Consumers



- The Telco Service Providers, the OTT Service Providers, and the bad guys are often enterprises with good resources;
- On the other hand, a national regulator of a small economy has much less resources to keep up in order to protect the interests of the consumers under its service.
- Example: privacy and big-data; cyber-security



Opportunities

As a newly established regulator of a small economy, we appreciate the following:

- Tools such as ITU's SMS4DC and WB's Regulator Toolkit. Can you please produce more?
- Priority in capacity building; We apply and prioritise Universal Access programs in Research and Education Network;
- Open source tools.



Thank You

