



Information & Communication Technologies Authority

Consultation Ref: ICTA/02/21

**CONSULTATION REGARDING THE REVIEW OF
THE INFORMATION AND COMMUNICATION TECHNOLOGIES
(UNIVERSAL SERVICE FUND) REGULATIONS**

5 February 2021

Explanatory memorandum

Considering that:

- 1) the ICT Authority has the statutory duty, under sections 18 (1)(w), and 21 (1) of the Information and Communication Technologies Act 2001, *'to establish and manage a Universal Service Fund (USF)'*.
- 2) the ICT Authority has as one of its objects, under section 16(c) of the Information and Communication Technologies Act 2001, *'to democratise access to information taking into account the quality, diversity and plurality in the choice of services available through the use of information and communication technologies'*.

The Information and Communication Technologies Authority resolves to:

- 1) make available for public consultation the Consultation Document Ref: ICTA/02/20;
- 2) invite views, contributions, and comments on the Consultation Document.

GUIDELINES ON RESPONDING TO THIS CONSULTATION

G.1 All comments are welcomed; however, it would make the task of analyzing responses easier if comments were referenced to the relevant question numbers from this document.

G.2 You are invited to send your written views and comments on the issues raised in this document to the **Executive Director, ICT Authority, 12th Floor The Celicourt, Celicourt Antelme Street, Port Louis**, or by email to icta@intnet.mu, at latest by 16h00 on 26 February 2021.

G.3 Should you be including confidential information as part of your responses, you are requested to clearly identify the said confidential materials and to place same in a separate annex to your response.

1. INTRODUCTION

The Universal Service Fund (USF) was setup in October 2008 under the Information and Communication Technologies (Universal Service Fund) Regulations 2008 and its basis, was established as a principle under section 16(a) of the Information and Communications Technologies Act 2001.

The basis and manner of determination of the USF contribution is prescribed under Regulation 3(b) of the ICT (USF) Regulations 2008 and in October 2010, an amendment was brought to these Regulations so as to review the contribution mechanism of the Fund.

The policy behind setting up the USF in 2008, was to ensure that basic telecommunication services were provided to as many people as possible at prices that they were affordable.

Over the time and with the evolution of technology, the definition of universal service has changed onto the specific nature of the telecommunication services which are being used by the majority and which are essential to the social and economic inclusion of all citizen within the Republic of Mauritius.

As such, since the last decade, it has been noted that with technological advancement and the onset of convergence, the rise of OTT applications such as WhatsApp, Skype, Viber, FaceTime, We Chat, iMessage, etc...has seen the decline of revenue generated from the traditional ILD voice & mobile roaming market segments.

In so doing, the revenue generated into the USF has drastically fallen and the current contribution mechanism, is not sustainable in the long run to fund on-going and future USF projects.

It is to be pointed out that the Fund is solely used for USF based projects and the contribution received is re-injected in the sector to the operators through a well-established tendering process mechanism.

Therefore, through this consultation document, the views of the licensees will be sought on the Authority's decision to come up with a new set of USF Regulations with the purpose of ensuring the ability of the Fund to sustain universal access and service based projects in a viable manner going forward.

2. NEED FOR A NEW USF REGULATIONS

The need for a reform of the USF Regulations has long been felt by the Authority and as stated above, the shortcomings of the contribution mechanism have strongly been felt with a major impact on the revenue market segments.

Furthermore, there was need to harmonise the USF contribution mechanism with other jurisdictions for the proper Fund Management.

The new framework has been benchmarked onto the best international practices and same has been applied to the Mauritian context to ensure proper USF revenue collection management, with a view towards project sustainability.

Question 1: Do you agree that there is a need to review the existing ICT (USF) Regulations 2008?

Question 2: Are you agreeable to the principle that in line with the scope of the universal service and pursuant to a bidding exercise, only licensees contributing into the USF should be eligible to obtaining funding from the Fund?

3. NEW ICT (USF) REGULATIONS

The new proposal for the levying of USF contribution, will depart from the current basis and come up with a new funding mechanism which will no longer be solely dependent on both the ILD and inland roaming business segments.

The new proposal USF contribution mechanism shall in respect of each calendar year, be up to a maximum of one percent (1%) of the gross turnover generated during each quarter of that calendar year.

The following public operators have been identified to contribute into the Fund: -

- i. Networking Services Provider Licence (National) – B.01;
- ii. Networking Services Provider Licence (International) – B.02;
- iii. Public Switch (Fixed) Telephone Network (PSTN) Licence – C.02;
- iv. Public Land Mobile Network (PLMN) Licence – C.03;
- v. International Long Distance (ILD) Network Licence – (C.04); and
- vi. Internet Service Provider (ISP) Licence – C.08

The proposed definition of '*the gross turnover*' shall read as follows: -

"gross turnover" means –

- a) the retail revenue receivable during each corresponding quarter, from the provision of information and communication services, generated under the scope of any licence held by a public operator before any deduction for expenses, taxes, discounts, returns and offsets of any kind; and
- b) excludes –
 - i. value added taxes and other taxes collected for, and on behalf of, Government;
 - ii. revenue from sales and renting of telecom equipment, including customer premises equipment; and
 - iii. revenue derived by holders of an ILD licence from –
 - a) calls originating from Mauritius to another country
 - b) calls terminating in Mauritius from another country; or

c) transit of calls from one country to another through Mauritius;

Question 3: *Do you agree that contribution into the USF can no longer solely be based on revenue from incoming ILD calls & mobile roaming given the documented decline in revenue from these two sources?*

Question 4: *Are you agreeable to the proposed quantum of a maximum of 1% on the quarterly gross turnover?*

4. CONCLUSION

This consultation document has been designed to obtain the views and comments of the licensees earmarked to contribute into the USF. The proposed changes are being made in order to modernize the collection regime with the existing practice in other jurisdictions for the financing of USF projects.