

# Telecommunications In the interests of the user

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**Chairman, Telecommunication Users Association, expresses his views on Telecommunication in Sri Lanka**

THE ROLE OF THE TELECOMMUNICATIONS REGULATORY Commission of Sri Lanka is becoming increasingly important because of the need to balance the expectations of the consumer against the requirements of the service provider.

This was the view expressed by the Chairman of the Telecommunication Users' Association (TUA) Trevor Alphonso. He told 'Business Today' there are various issues that are going to affect consumers, and so an association representing their interests is imperative.

It is pertinent to mention that until the TUA was formed in July 1990, the telecom regulator had no access to consumer grievances.

Alphonso observed that the cellular and paging operators have banded into groups, enabling them to present their own problems to the government.

A telecommunication consultant to many international firms, he charged that though the mobile phone operators are busy expanding their subscriber base, they are not increasing their network capacity. He feels this situation is causing congestion.

Alphonso called on the government to remove the duty on mobile handsets, so that the resultant lower costs would make these available to a larger number of people.

'In an era where business requires quick communication, where the road system is congested, a cheap handset is a plus point.

He said that due to high duties on handsets and accessories, much smuggling takes place; so the total removal or reduction of duty will discourage the smuggler.

He even advocates the importing of reconditioned handsets, provided that their quality is approved by the regulator.

Alphonso's call to make mobile phones available to more people is quite justified. For, cellular penetration in this country is still very low. Though there are around 100,000 mobile phone users in Sri Lanka (or one in every 180 people), Australia with a similar population has over 4.3 million users.

In Australia, self-employed persons such as plumbers, electricians and taxi drivers wield cellular phones. However, the good news is that the island's mobile phone industry is growing at an average 36% annually. It has been estimated that Sri Lanka would have 180,000 users by the turn of the century.

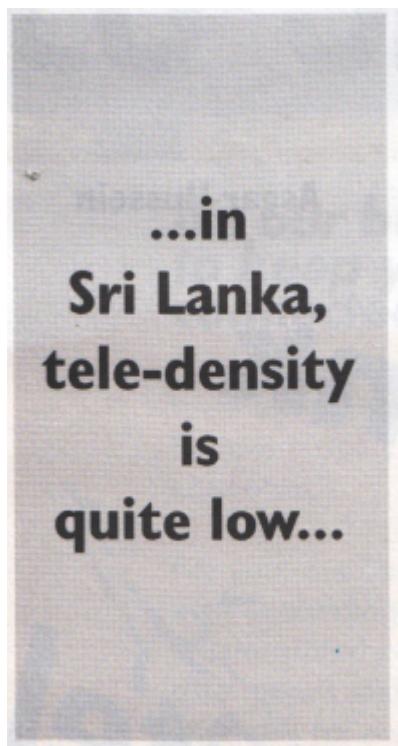
When questioned regarding the clamour by cellular companies to introduce the 'user pays regime' (where the calling party foots the bill) Alphonso said the TUA's

position is that the person initiating the call should pay for it.

He emphasised however, that there is no justification for imposing a high charge on the caller communicating with a mobile phone user.

He also felt that the law needs to be amended to discipline those who don't settle their bills on time. Indeed, the cellular operators are adversely affected by bad debts, and the legal system is deemed cumbersome and costly, which discourages defaulters being taken to task.

The default rate in Sri Lanka is said to be quite high. Sadly, many people in this country tend to delay payment of their bills until some action, like temporary disconnection, is taken against them.



Alphonso who is the director of a number of companies involved in telecommunications, criticised unethical advertising by certain cellular operators. He said the relevant authorities should take strict action against them under the Consumer Protection Act.

"Such ads provide misleading information to the consumer, causing him

inconvenience.

Alphonso told Business Today' there are two reasons behind NTT's decision to offer international calls at lower rates. Firstly it would encourage people to make such calls more frequently. Secondly, it is hoped to counter the challenge posed by the Kall Back services.

Sri Lanka Telecom (SLT) is said to be losing revenue as Kall Back services can offer IDD calls at rates which are 25-30% cheaper.

Alphonso pointed out that Singapore Telecom found out that much of their IDD call business was being taken away by Kall Back services, and had to bring their rates down by 20-25% about seven months back.

Kall Back services take the high paying consumer away from the conventional operator, according to him. Recently, telecom operators held an international conference on how to counter the loss of revenue to kallback services; it was concluded that there was no easy way of doing this, except by bringing down their rates.

Kall Back services ride on the back of American telephone facilities, which offer tariff rates that are among the lowest in the world. In Sri Lanka, such services are offered by agents of the main Kall Back companies.

Alphonso observed that presently, local telephone calls are being subsidised by international calls, so NTT (being a reputed service provider) will seek to balance it.

He said NTT wants to increase SLT's local call rates in the domestic captive market, to offset the possible losses from Kall Back competition.

However, he stated it is unjustifiable to increase local call charges on the pretext of collecting money to invest in rural telecom development. He said the investors should rather bring in their own investments, and also invest from the profits they are making.

Before increasing the local call tariff, SLT must show an improved service, said Alphonso. He noted that in certain urban and suburban areas, the switches get overloaded, creating congestion so heavy that one cannot get calls through

He points out that the call completion rate in Sri Lanka is inadequate. Service

providers must understand that their policies are self-defeating, because if calls don't get connected their telecommunication resources are being utilised but not charged for.

He further said all service providers need to realise that the entry point into their services should be made available at an affordable price.

Alphonso is of the view that the advent of the Wireless Local Loop (WLL) operators Suntel and Lanka Bell had a positive impact on the island's telecom arena, with SLT being compelled to improve, and counter competition.

He also noted that the WLL operators are meeting an important requirement – supplying a connection when needed. SLT by contrast, has a long waiting list for its services. The WLL operators need to receive more information regarding local conditions and customer needs, according to Alphonso. He said an important matter they have overlooked is provision of directory services. The regulator must look into this matter very urgently'.

He believed the regulatory authority should get the operators together, and a method to provide easy-to-access information on all telephone numbers should be devised.

He also advised Lanka Bell to identify exactly the areas where there is demand for its services, and arrange its base station programme accordingly.

Alphonso expressed doubt that all three telephone service providers will service in the long-run, and assumption based on market forces and the high capital costs of telecom equipment. He said Sri Lanka is a comparatively small market, and if any company fails to build a sizeable subscriber base, it will fall. 'Telecom operators make profits on large-scale operations, where 'economies of scale' comes into play.'

Meanwhile, the TUA is urging the government to recognise them as the body representing the interests of users.

Alphonso noted that in the license issued to telecom service providers, there is a clause which states that the company must be prepared to discuss issues with a recognised body representing consumer interests, or an advisory body established under the Telecom Act.

He told 'Business Today' that the TUA is requesting the regulator to consider the

views of users before agreeing to any tariff increase.

Increased tariff rates not only impact on the cost of living, but also has a stifling effect on business, since calls are curtailed to a minimum. 'When one considers the road traffic problem, it makes a bad situation worse', Alphonso said.

He observed that in Sri Lanka, tele-density is quite low, and there is much scope for expansion.

He feels the regulator should convene regular meetings between service providers and users in order to resolve any problems that may arise. Such an approach would even benefit the providers, as they will be kept informed of the actual needs of the consumer, in addition to receiving feedback.

Telecommunications is an essential tool for development, and so there is a critical need to address all issues pertaining to it, Alphonso said.

He stated that the TUA was established in 1990, and began attempting to solve the problems of SLT customers, mainly in such matters as billing, connections, repair work and technical problems.

The association has a full-time liaison officer (who is a retired telecom engineer). Located in the CNAPT Centre, Colombo 7, the TUA comes under the umbrella of the International Chamber of Commerce (Sri Lanka branch). The International Chamber of Commerce headquartered in Pairs, serves the cause of free trade and private enterprise throughout the world.

According to Alphonso, most of the subscriber complaints received by the TUA have been regarding billing problems faced by SLT users. He however said the SLT has been very responsive to their activities.

Since its inception, the TUA has chosen to work in terms of consensus rather than confrontation for the mutual benefit of both subscribers and service providers. This policy came to be fully supported by the Ministry of Posts and Telecommunication, SLT and the regulatory authority.