



# FINANCING THE SMA

*A Consultative Document*

2002 December

## TABLE OF CONTENTS

Introduction.....	3
The Consultation Process.....	4
Basic Principles.....	5
Regulatory Fee Allocation Mechanism.....	5
Survey of Other Regulatory Bodies.....	6
Value Based Mechanism.....	8
Structure of the Regulatory Fees.....	12
SMA Budget 2003/04.....	13
Who will be charged Regulatory Fees.....	17
Payment.....	18
Related Issues.....	19
Conclusion.....	20

Appendices

Acronyms and Abbreviations

References

<b>1.0</b>	<b>Introduction</b>
------------	---------------------

This document is a discussion paper regarding the financing of the Spectrum Management Authority (SMA). It is intended to provide a basis for the allocation of the annual operating expenses of the SMA to each holder of a spectrum licence.

The views and proposals herein are not fixed. The objective is to invite comments that will be given due consideration during the formulation of a final policy position.

The Telecommunications Act, 2000 Section 26 states that:

- 1) “The Minister may impose an annual spectrum regulatory fee in accordance with this section in relation to each spectrum licence issued under this Part.
- 2) The spectrum regulatory fee shall be such amount, as the Minister considers necessary in order to cover the reasonable operating costs incurred by the Authority in relation to spectrum licences.
- 3) The amount of the spectrum regulatory fee shall be calculated on the same basis in relation to each holder of a carrier licence and a service provider licence”.

### **1.1 The Spectrum Management Authority**

The SMA was established to provide service to users of the spectrum while managing the RF spectrum on behalf of the Government of Jamaica. It was determined that the Regulatory fees payable by holders of Spectrum licences should fund the activities of the Authority related to spectrum licences. This is indeed quite logical since the primary beneficiaries of the services provided by the SMA are the users of the spectrum (see Appendix 1 for the Organizational Chart of the Authority).

The authority’s functions and responsibilities are exclusively focused on managing the spectrum on behalf of the Government of Jamaica. Therefore, the expenses incurred by the SMA are directly associated with spectrum use by the telecommunication operators.

*The fundamental focus of the SMA is to secure the rights of all legitimate spectrum users while facilitating easy access to new users.*

Where the services of the Authority are required for non-spectrum related activities, the costs incurred in executing such activities will not be included in regulatory fees.

## 2.0 The Consultation Process

In its effort to encourage stakeholder participation in the development of operating policies, procedures and guidelines, the SMA in January 2002 established a Spectrum Users Committee (SUC).

Members of the Committee are drawn from a wide cross-section of users including the cellular companies, major private wireless network operators, governmental services, etc. See Appendix II for the Terms of Reference of the SUC issued in January 2002.

The SUC serves as the Authority's direct contact with spectrum users in discussing important policy issues that may arise in the regulatory process.

The proposals within this document have been reviewed by members of the SUC and their comments and feedback incorporated where applicable. In addition the Ministry of Commerce, Science & Technology has reviewed the proposals and provided useful feedback which has been incorporated in this document.

The SMA now invites comments from the wider groups of spectrum users as well as members of the public.

### **Responding to the Proposal for Regulatory Fees**

The SMA welcomes responses to this Consultation document from all interested parties. Responses should be addressed to:

Spectrum Management Authority  
Managing Director  
Ernest W. Smith  
E-mail: [ewsmith@sma.gov.jm](mailto:ewsmith@sma.gov.jm)

or

26 Belmont Road  
Kingston 5  
Fax: 960-8981  
Ph: 929-8550/8520

This document may be found at our Web Site [www.sma.gov.jm](http://www.sma.gov.jm) and at the Web Site of the Ministry of Commerce, Science and Technology at [www.mct.gov.jm](http://www.mct.gov.jm) Responses are requested by **Wednesday, 2003 January 15.**

### 3.0 Basic Principles

- a. The SMA to develop an annual budget of its operating and capital expenditure which outlines the detailed costs of operating the Authority.
- b. The revenues required to finance the SMA's budget to be allocated to holders of Spectrum Licences as per the proposals herein.
- c. SMA's budget to be so structured to include a small surplus sufficient to address likely fluctuation in economic circumstances (not applicable to the budget for 2003/2004).
- d. Spectrum Licence holders to be invoiced at least one month prior to the due date for payment of Regulatory fees.

### 4.0 Regulatory Fee Allocation Mechanism

The objective of this proposal is to establish an equitable, fair, transparent and logical mechanism as the basis for Regulatory Fees. In doing so, we have ensured that the proposed mechanism is in keeping with international best practices.

Various mechanisms are used by Regulatory bodies to allocate their operating costs to the clients that they regulate. These include:

- **Percentage of Gross Revenues:** Each regulated entity pays to the regulatory body an annual fee, which is a percentage of their gross revenues.
- **Level of Effort to Regulate Entity:** The level of effort required to regulate each entity is directly proportional to the regulatory fees charged. This is a fairly equitable basis for allocating regulatory fees. However, the critical factor is the determination of the level of effort required.
- **The number of Customers served by the Entity:** The Regulatory fees are allocated based on the number of customers who access service directly from the entity. Hence the fee charged to each entity is the ratio of that entity's customers to the universal customer-base.

**5.0 Survey of Other Regulatory Bodies**

**5.1 Office of Utilities Regulation, OUR – Jamaica**

The mechanism used by the OUR to allocate its annual budget reflects the time and resources (level of effort) to be expended in work related to each sector. For example, percentage allocations could be:

<b>Sector</b>	<b>Percentage Contribution</b>
Telecommunications	55
Electricity	30
Water	15

Since there are three main service providers within the telecom sector being regulated by the OUR, the proportion of the annual budget allocated to telecom is further subdivided between the service providers. Again the Level of Effort mechanism is used to determine the proportionate distribution, for example:

<b>Service Provider</b>	<b>Percentage Contribution</b>
Provider A	68
Provider B	22
Provider C	10

**5.2 Broadcasting Commission – Jamaica**

The Broadcasting Commission licences all broadcasters, including radio, television and subscriber television (STV).

Their current sources of revenues are:

- Annual STV licence fees – approximately 70%
- GOJ appropriations – approximately 25%

The GOJ appropriations have been decreasing as a percentage over the years.

**5.3 Radiocommunications Agency – United Kingdom**

All their income is generated from spectrum licence fees.

Historically, the spectrum licence fees were calculated on a ‘Fees & Charges’ basis - this reflected the annual cost of operating the Agency. However, since 1998 the new spectrum pricing mechanism reflects the economic value of the spectrum.

This has resulted in an annual surplus between fees collected and cost of operating the Agency. This surplus goes to the Government.

**5.4 Office of Director of Telecommunication, ODTR - Ireland**

This regulator is funded by a Levy applied to the gross revenue of the telecom operators who offer commercial services (for which telecoms licences are required). The rate applied is *0.2% of gross revenue*.

In addition, the ODTR receives revenue from telecommunications licensing, Cable and MMDS licensing, radio communications licensing and spectrum fees (auctions). The surplus generated after deducting the annual expenses of the ODTR is paid to the government.

**5.5 Industry Canada – Canada**

The revenues for operating the Spectrum Management Branch of Industry Canada are generated from the various services provided, similar to the case of the ODTR in Ireland.

Revenues from Auctions are treated as exceptional items and do not go to the Spectrum Branch.

**5.6 Australian Communications Agency, ACA - Australia**

The ACA receives its revenue from the Australian government – direct appropriations.

**5.7 Canadian Radio-Television and Telecommunications Commission, CRTC**

This body regulates all telecommunication operators within Canada, including Broadcasters and Cable Operators. It derives its revenue from an annual telecommunications fee payable by all Canadian carriers.

The gross operating revenue of each carrier (related to telecom services) is used as the basis for calculating the annual fee. Each carrier pays an annual fee which is calculated as their relative contribution to the annual budget of the CRTC (related to Telecom activity).

The mechanism used, is to determine the percentage of each carrier's gross revenue to the aggregate of the gross operating revenues of all the Canadian carriers. This percentage is equivalent to the percentage of the CRTC's budget to be funded by that carrier.

For example, if Rogers AT&T's gross operating revenue as stated in their most recent annual financial statements is CDN\$1.5 Billion, and the aggregate gross revenue for all the Canadian carriers for that year is CDN\$15 Billion, then Rogers AT&T would be charged  $\frac{1.5}{15} = 10\%$  of the CRTC's annual Budget.

## 5.8 Indotel – Dominican Republic

This regulator is responsible for the telecommunication sector in the Dominican Republic, including Cable operators.

The regulatory fee is based on a percentage of gross revenue. Each operator is billed *2% of their gross annual revenue*.

## 5.9 Analysis of the Survey

From the survey of the eight regulatory bodies presented, three utilize the percentage revenue mechanism, one the level of effort, two utilize spectrum licence fees, one direct fees and the other government subvention.

The percentage revenue mechanism is considered a very objective and transparent measure, although sometimes seen as a penalty against revenue generation. It may be applied successfully within an environment where the operating companies are willing to share their annual reports with the Regulator, or legally obliged to do so. Hence, the use of the percentage revenue mechanism as a preferred option among the Regulators surveyed.

The operating environment within Jamaica is not conducive to the implementation of the percentage revenue mechanism at this time. Recent efforts by the SMA to obtain revenue details from some private companies proved futile. Then too, there are certain spectrum users whose total gross revenues are not directly attributable to spectrum use. This would create a certain level of difficulty in disaggregating their revenue in order to determine that which is spectrum related.

<b>6.0</b>	<b>Value-based Mechanism</b>
------------	------------------------------

Having assessed the various mechanisms discussed earlier (Section 4.0) it is the considered opinion of the SMA that none of these may be successfully implemented at this time.

Therefore, it is being proposed that a *Value-based Mechanism*, that is, an indicator of the relative value of the services (provided by the Authority) to each spectrum user be used as the basis for establishing regulatory fees.

The value of the Authority's services to the spectrum users will be determined by:

- the extent of the use of the spectrum and the relative value of the part of the spectrum used.
- the extent to which the business venture is 'spectrum-dependent (commercial users).

Those to whom the services of the Authority have the greatest value should be required to pay Regulatory fees commensurate with such value.

***Use of Spectrum and Relative Value of bandwidth – International Best Practice***

Because of the ever increasing demand for spectrum, modern spectrum pricing mechanisms are now reflective of its economic value. This is specifically aimed at improving the efficiency of use while ensuring that provisions are made for the continued use of the spectrum by new technologies.

In discussing the establishment of fees for the use of the spectrum, the ITU Handbook on National Spectrum Management indicates, “*The fee may reflect the degree to which the spectrum is used, as well as the economic benefit derived*”.

In addition, with respect to the direct costs associated with spectrum management, the ITU recommends that these “*may be distributed between licensees according to the amount of spectrum used and that part of the spectrum in which services operate*”.

This is the first principle being used to establish the value of the SMA’s service to spectrum users.

***Level of Spectrum Dependence***

Users of the spectrum, who are the holders of Carrier and/or Service Provider licences, derive commercial benefit from such use. The value of such commercial benefit will vary depending on the nature of the business. The relative value of the services offered by the SMA to these businesses will be contingent on the significance of the spectrum to their commercial venture.

Some businesses are heavily dependent on spectrum use, for example Mobile Cellular service - without the spectrum there is no business. Others, will utilize the spectrum as their preferred means of communication, but could still carry out their businesses using an alternative medium.

This therefore leads us to distinguish between these entities based on their relative dependence on the spectrum. For the purposes of regulatory fees, we will have two distinct classifications:

Level I:           Businesses which depend solely on the spectrum.

Level II:           Businesses which utilize the spectrum as a preferred means of communication.

**6.1 Holders of Carrier and Service Provider Licences**

***Carrier licences*** are granted by the OUR to a telecom operator who owns or operates a facility in Jamaica. The Telecommunications Act 2000 defines facility to include equipment “or any other apparatus using the radio spectrum”. Examples of these include the Cellular companies, (Digicel, Cable and Wireless and Centennial Digital Jamaica).

*Service provider licences* are granted by the OUR to telecom operators who provide specified services to the public by means of a facility.

It is important to note that persons may be licensed as carrier only, service providers only, or as both carrier and service provider.

## 6.2 Client Base of Spectrum Users

The estimated active client base of spectrum users at this time is approximately 1000. The Authority is now in the process of ascertaining the actual number of active users of the spectrum. There are thousands of Citizens Band radio operators whom may not be active users at this time.

Spectrum users are classified according to the type of licence issued.

<b>LICENCE TYPE</b>	<b>NUMBER OF USERS</b>
Domestic Mobile	3
Private Radio	620
Maritime Mobile Radio	118
Amateur Radio	155
VSAT	20
Aeronautical	25
<b>Total</b>	<b>941</b>

### *Categories of Spectrum Users –Regulatory Fees*

For the purposes of Regulatory fees, we will assign spectrum users to the following categories:

Group 1: Holders of Spectrum Licence only.

Group 2: Holders of Spectrum, Carrier, Service Provider Licences.

- Category A: Holders of Carrier Licence.
- Category B: Holders of Service Provider Licence.
- Category C: Holders of Carrier and Service Provider Licences.
- Category D: Holders of spectrum licence only.

## 6.3 Value of Service Index (VSI)

In order to provide further clarity to the Value-based mechanism, the concept of a Value of Service Index, VSI, is being proposed.

In keeping with the two fundamental principles of the mechanism, the VSI is derived by determining:

- a) To what extent the operator derives commercial benefit from the use of the spectrum.

- b) The level of dependence on the spectrum.
- c) The extent of the spectrum used and the relative value of the part of the spectrum used.

The VSI will range between 0 and 1, with those users who will be exempt from paying regulatory fees at the lower end of the range (no commercial benefit, limited spectrum use in low value bands). At the higher end of the range, those who derive significant commercial benefit, utilizes high value bands and large amounts of spectrum will be classified.

	<b>VSI</b>	<b>User Group</b>
Low range	0.0 – 0.2	Exempt
	0.3 – 0.5	Spectrum Licence only
	0.6 – 0.7	VSAT
High range	0.8 – 1.0	Cellular Companies & Index/Gotel

The VSI is an indicator of the value of the Authority’s service to that user group. The higher the VSI, the more important the services of the Authority are to that group.

**Group 1: Holders of Spectrum Licences only**

Users within this group will have a VSI less than or equal to 0.5.

Those for whom it is being proposed that they be exempt from paying regulatory fees, have a maximum VSI of 0.2. All other holders of spectrum licences only will have a VSI between 0.3 – 0.5. The extent to which the spectrum is used and the part of the spectrum used will determine their absolute value.

**Group 2: Holders of Spectrum, Carrier and Service Provider Licences**

The VSI for users within this group is greater than 0.5.

If these users depend solely on the spectrum for the operation of their businesses then they will have a VSI ranging between 0.8 – 1.0. What determines their absolute value would be the extent of use of the spectrum and the relative value of the part of the spectrum used.

**6.4 C&WJ’s Non-Mobile Spectrum Use**

Unlike the other two mobile cellular providers, C&WJ utilizes spectrum for inter-office communication as well as to carry traffic on certain segments of its public service telephone network, PSTN. Hence C&W utilizes spectrum for:

- Mobile cellular service
- Microwave Point-to-Point Service

The Microwave Point-to-Point spectrum use will be treated separately from the mobile cellular service and an appropriate regulatory fee charged for such use.

## **7.0 Structure of the Regulatory Fees**

The SMA has been providing service to the telecommunications sector for almost two years. Prior to the formation of the SMA, the Post and Telecommunications Department personnel (now with the SMA) had many years of experience in dealing with spectrum users' requests.

It is against this background that the following structure for regulatory fees is being proposed.

### **7.1 Administrative (Processing) Fees**

The activities of the Authority related to licensing new users of the spectrum will be funded from the Administrative (Processing) fees charged to applicants. For budget year 2003/04, the anticipated costs associated with new applicants, which will be recovered from processing fees total \$620,000. This will not form part of the Regulatory fees.

### **7.2 Group 1: Holders of Spectrum Licence Only**

Of the 941 spectrum users on record, approximately 850 are holders of spectrum licenses only. Based on our assessment to date, only 600 may be considered active users.

It is important to note that the majority of these users utilize the spectrum for private non-commercial use, either individually, or within a closed user group. In this scenario, its primary function is to provide an alternative means of communication, especially during emergencies or disastrous circumstances.

### **7.3 Group 2: Holders of Carrier and/or Service Provider Licences**

Spectrum users in this group derive meaningful commercial benefit from the use of the spectrum. As explained previously, their business either depends solely on the use of the spectrum (Level I) or they utilize it as the preferred means of communication (Level II).

#### **Level I: Fully dependent on Spectrum**

The companies, which fall under this classification, include the Mobile Cellular companies:

- Cable and Wireless Jamaica Limited (Mobile and Non-Mobile services);
- Digicel;
- Centennial Digital Jamaica Limited; and
- Index Communications Network Limited (Gotel), a major wireless network operator.

These companies are holders of Carrier and Service Provider Licences.

## **Level II: Spectrum used as the Preferred Option**

Communication is very vital to the operation of these companies that utilize the spectrum as their preferred means of communication. In addition to their spectrum licences, they are the holders of Carrier and/or Service Provider licences and (like the Level I companies) will be charged based on the degree to which they use the spectrum and the fact that they derive a commercial benefit from its use.

Companies classified under Level II are holders of VSAT Spectrum licences and, among others, include:

- Comtech
- N5 Systems Limited
- Tropical Multimedia Limited
- Amerijet International
- CompuWorks Multimedia
- Cazoumar Investments Limited
- HV Services Jamaica Limited
- Fiscal Services Limited
- Lavic Limited
- Netserv/Touchpoint International
- Jamaica Call centre

<b>8.0</b>	<b>SMA Budget 2003/04</b>
------------	---------------------------

The Authority's budget for the period April 2003 – March 2004 is approximately \$60M. It covers both Capital and Operating Expenditures.

### **Capital Expenditure**

The majority of the initial capital equipment required to establish the Authority have been acquired during our first two years of operation. Therefore Capital Expenditure for 2003/04 is estimated at \$1.123M.

It includes the purchase of office equipment and machines, computers, furniture and fixtures for the additional staff to be hired during 2003/04. It also includes instruments and monitoring equipment to enhance the Authority's monitoring capabilities.

### **Operating Budget**

Based on the work program for 2003/04, the Authority will require its full complement (26) of staff (now at 20).

The Spectrum Engineering Division, our core area of operations, accounts for 33% of the operating budget, the Finance & Administration Division accounts for 34% which

includes office rental/ software maintenance, technical publications and other general administrative services for the operation of the organization.

The balance of the budget is shared amongst the Legal and Policy Divisions as well as the Office of the Managing Director.

The Authority's budget is reviewed/approved by the Board of Directors prior to submission to the Ministry of Commerce, Science and Technology for final approval.

## **8.1 Allocation of the Budget**

The budget of \$60M includes Administrative and Regulatory fees.

### ***Administrative Fees***

Processing (administrative) fees are charged for the review of new applications for spectrum and the preparation of new licences. Based on our projections for new applications for the various types of spectrum licences issued, it is anticipated that the Authority should collect administrative fees totalling \$0.6M.

### ***Regulatory Fees***

The total value of \$59.4M of the Authority's budget will therefore be derived from Regulatory fees. The table overleaf shows the respective contribution of each user group, as well as specific users in some instances.

The following principles were used to allocate the Regulatory fees across spectrum users.

#### ***A. Ratio of Administrative to Regulatory Fees***

The projected target for administrative fees is based on the anticipated number and type of new applications for 2003/04.

The value of administrative fees is deducted from the total budget to determine the balance of the budget to be funded by Regulatory fee.

#### ***B. Ratio of Fees between "Holders of Spectrum Licence" to "Holders of Carrier, Service Provider and Spectrum Licences"***

The total value of annual spectrum licence fees payable by Group I, "Holders of Spectrum Licence Only" is approximately \$24.0M. Since this group of users do not provide service to the public from their telecommunications network, it was determined that the maximum fee be levied on this group would be 35% of the current spectrum licence fees. This gives a potential Regulatory fee collectable from this group of approximately \$8.4M.

Therefore, the balance of Regulatory fees is attributable to Group 2, "Holders of Carrier, Service Provider and Spectrum Licence", i.e. \$51.0M.

***C. Ratio of fees between Level I and Level II users of Group 2***

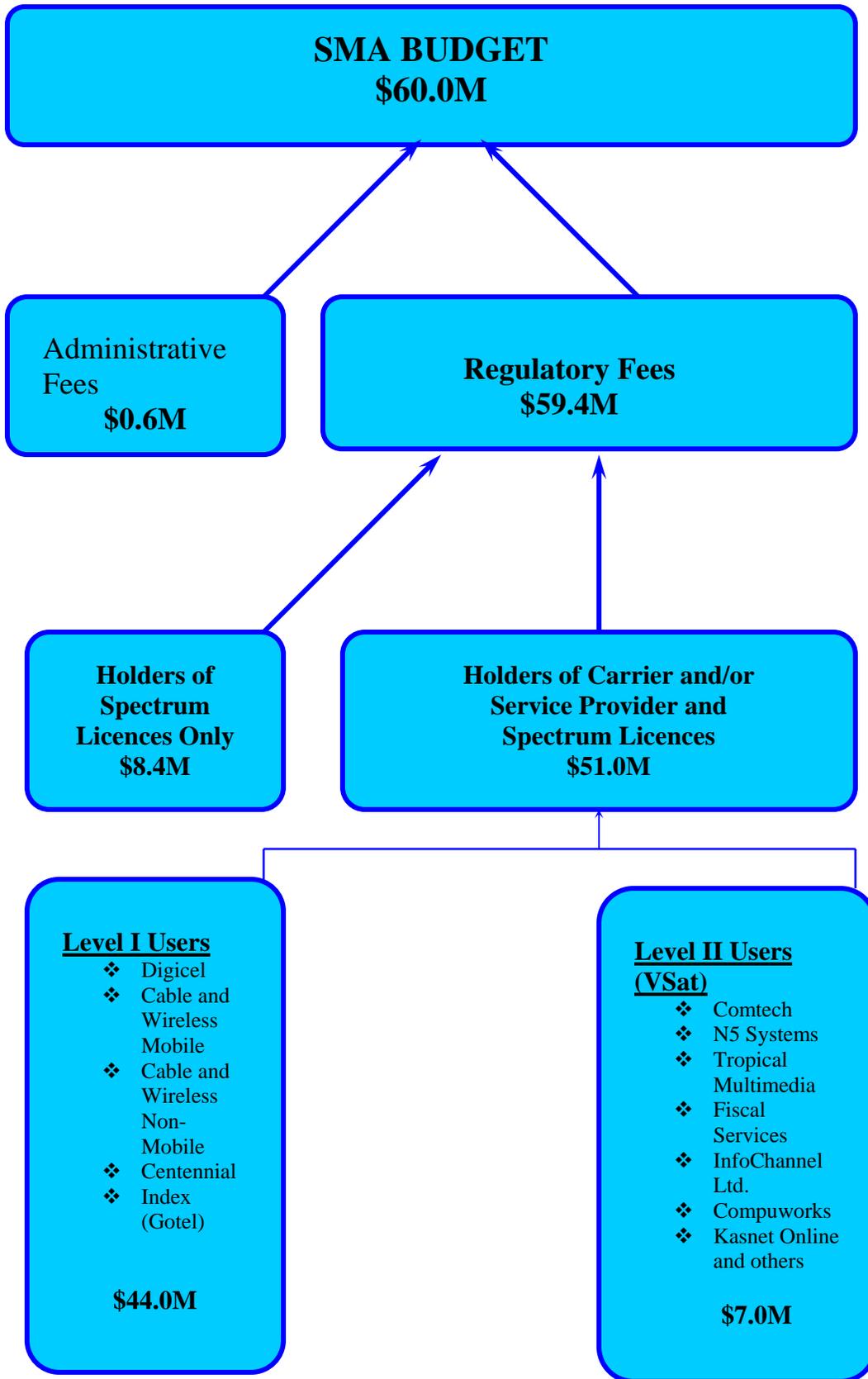
As outlined in Section 5.4.1, the above classifications are based on the level of dependence on the spectrum.

Level I users depend solely on the spectrum and derive significant commercial benefit from its use. In addition, their use of the spectrum is quite extensive. Therefore, using the Value-based Mechanism, the services of the Authority is of much greater value to Level I users than to Level II.

The Regulatory fee to be paid by Level II users is determined to be a maximum of 70% of their annual spectrum licence fees. Based on the number of licensees in this category, the fees payable by this group is approximately \$7.0M (of the \$51.0M).

Level I users will then be charged proportionately the balance of regulatory fees payable by this category of users i.e. \$44.0M.

**FINANCING THE SMA**  
**APRIL 2003 – MARCH 2004**



***D. Allocation of fees amongst Level I users***

The majority of the operators (all except one) do not pay annual spectrum licence fees at this time by virtue of their specific licence. However, in order to use a basis consistent with the Value-based Mechanism, we determined the value of spectrum licence fees that these operators would have been required to pay. This is reflective of the amount of spectrum used in their network and the relative value of the specific frequencies used.

Based on the above, we are able to determine the total value of spectrum licence fees payable by this group. The Regulatory fee payable by each operator is therefore the ratio of that operator's spectrum licence fee (a) to the aggregate value of spectrum licence fees payable (A) i.e.  $(a/A) \times \$44M$ .

***E. Allocation of fees amongst Level II users***

All operators in this group will pay annual spectrum licence fees for the use of their VSAT. The Regulatory fee payable by each operator is 70% of their annual spectrum licence fees.

<b>9.0</b>	<b>Who will be charged Regulatory Fees</b>
------------	--

As per the Telecommunications Act, 2000, all holders of Spectrum Licences may be charged Regulatory Fees. However, it is being proposed that some spectrum users be exempt.

***Exemption:***

Certain categories of users provide service in the national interest for public safety and security as well as disaster management. In addition, the government's policy is to encourage the use of spectrum for educational, research and related endeavours.

Therefore, based on the above, it is being proposed that the following users be exempt from paying Regulatory fees:

- Jamaica Constabulary Force
- Jamaica Defense Force
- Jamaica Fire Brigade
- Office of Disaster Preparedness & Emergency Management
- Red Cross of Jamaica
- University of the West Indies
- University of Technology

and any other agency providing public safety, security and disaster management services.

In addition, it is being proposed that hobbyists such as Ham (Amateur) Radio Operators and Citizens Band (CB) Radio Operators be exempt from paying Regulatory Fees.

*All other holders of Spectrum Licences will be required to pay Regulatory Fees.*

## **10.0 Payment**

Each holder of a spectrum licence will be sent an invoice detailing the value of regulatory fees to be paid for the Authority's budget year, which begins on April 1<sup>st</sup>. Invoices will be issued by February of the applicable year in order to ensure payment by March 31<sup>st</sup>.

*Regulatory fees must be paid in full upon presentation of Invoice in order to prevent delays in the implementation of the activities of the Authority.*

### *Penalties for non-payment*

- Outstanding balances on payment of regulatory fees will attract interest at the prevailing BOJ rates.
- Users in arrears will not be able to access the services of the Authority with respect to application for new services and assistance in resolving interference.
- Spectrum licences for users with arrears in excess of 6 months will be revoked.

## **11.0 Related Issues**

### *Proposed Merger of SMA with other bodies*

The Telecommunication Advisory Council has recommended to the Minister that the organizations currently responsible for regulating various components of the Industry be merged to form a National Telecommunications Regulator. The entities being looked at are the SMA, Broadcasting Commission and the Office of Utilities Regulation.

In the event the SMA is merged prior to April 2003, and, provisions have been made for the funding of its operations within the merged entity (independently of Regulatory fees as defined by the Telecommunications Act), then this proposal, as outlined herein, will not be implemented. However, it may be anticipated that the new entity will be established with a mechanism for funding its operations.

If there is no merger prior to April 2003, then the SMA will still be required to provide service to its clients. Therefore, the only prudent action to pursue at this time is to develop the basis for charging such fees and establishing the mechanism to have it instituted at that time.

### ***Accountability***

The Managing Director is responsible for the daily operations of the Authority. He reports to the Board of Directors. The Chairman of the Board reports to the Minister-Commerce, Science and Technology.

There are subcommittees of the Board which focus on specific operational areas of the Authority; these include:

- Human Resource Sub-Committee
- Procurement Sub-Committee
- Finance Sub-Committee

These sub-committees are chaired by members of the Board of Directors.

The Managing Director presents a monthly report to the Board. It covers details of the operations of the Authority for the period under review, including detailed Financial Statements with budget performance data.

### ***Performance of the SMA***

Since the operations of the Authority will be funded by its clients by way of Regulatory fees, the SMA will establish the appropriate mechanisms to advise spectrum users of its performance.

We are now finalizing our Service Standards, which will outline the targets for our various operational activities including time to process new applications for spectrum, time to resolve interference, etc. In addition, the Authority will present to its clients, its Corporate Plan for 2003/04 with the Priority Programs and Operational activities to be implemented. These documents will serve as the basis for evaluating the SMA's performance at the end of the financial year.

The Authority will also publish an Annual Report (inclusive of Financial Statements) within six months of the closure of the financial year.

### ***Regulatory Fees – The Context***

The Government of Jamaica embarked on a deliberate effort to review Spectrum Licence Fees every two years. This was done in 1996 and 1998.

However, there has been no further review since 1998; none in 2000 and 2002. Therefore it is important for spectrum users to view the payment of Regulatory Fees within this context.

<b>12.0</b>	<b>Conclusion</b>
-------------	-------------------

The SMA is committed to providing world-class service to its clients. In order to do this the Authority must be adequately resourced with:

- Professional, experienced and competent staff
- Appropriate technology (equipment and software) to monitor and manage the spectrum

In addition, the Authority must give priority to the continuous training and development of its staff including participation in international fora to advance and protect Jamaica's interest.

The SMA anticipates your full support in order to build an organization that will be responsive to the needs of all spectrum users.

**Copyright © 2002 by  
Spectrum Management Authority  
All rights reserved.**

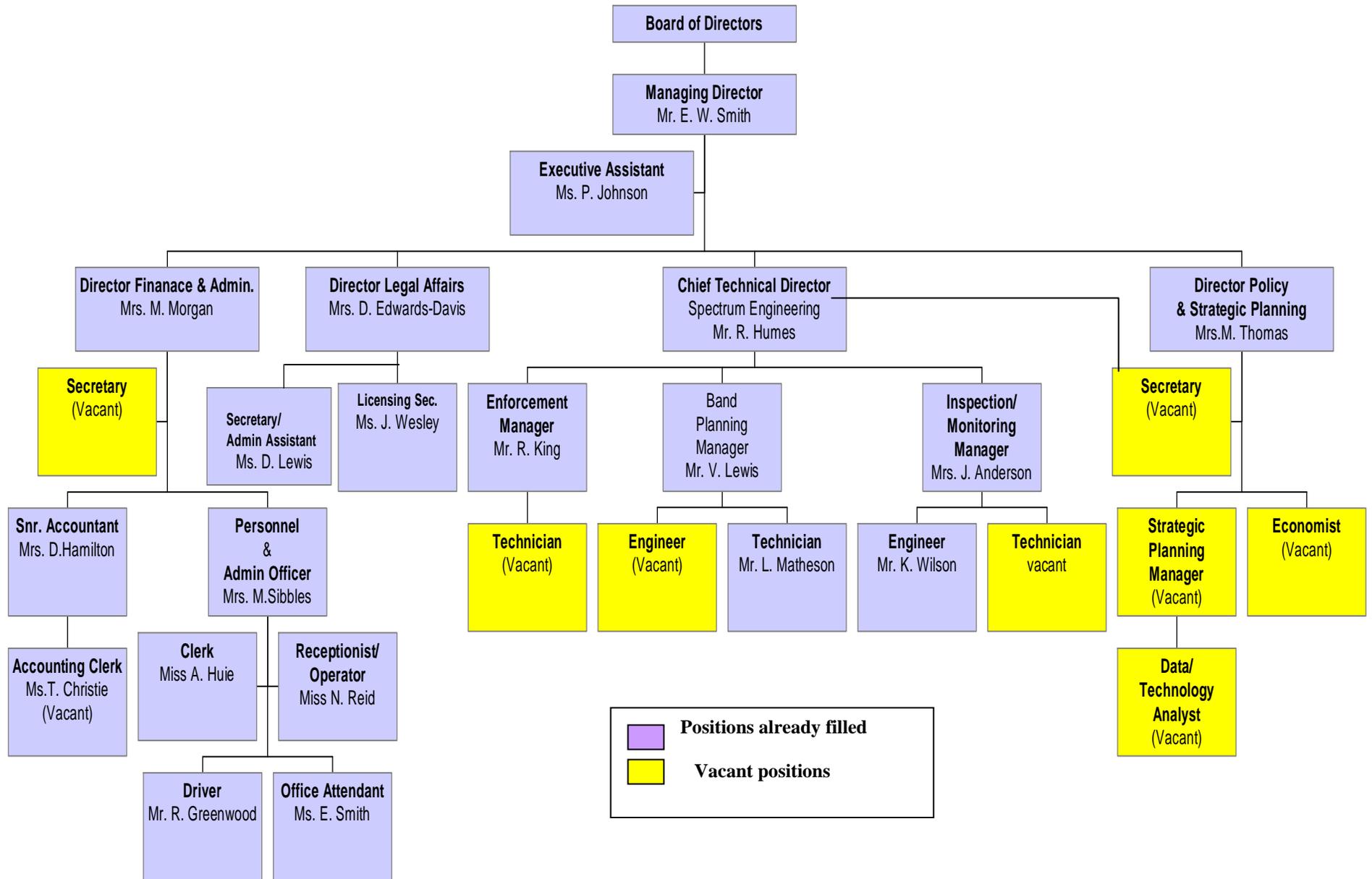
**Published by:  
Spectrum Management Authority  
26 Belmont Road  
Kingston 5  
Jamaica W.I.  
Phone: (876) 929 8550  
Fax: (876) 960 8981  
Website: [www.sma.gov.jm](http://www.sma.gov.jm)**

**2002 December**

**APPENDIX I**

**SPECTRUM MANAGEMENT AUTHORITY**

Organizational Chart  
December 2002



## **Appendix II**

# **SPECTRUM USERS COMMITTEE**

### **TERMS OF REFERENCE**

#### **Background**

The Spectrum Management Authority, SMA, was established by the Telecommunications Act, 2000 with the specific mandate to ensure the efficient management of Jamaica's electromagnetic spectrum in the interest of national, social, economic and technological development.

The SMA will:

- Act as a Catalyst for enterprise, innovation and economic growth by the efficient allocation of the radio spectrum.
- Ensure the maintenance of bandwidth, which is free from interference.
- Be transparent and equitable in its dealings with ALL users of the spectrum.
- Ensure that unauthorized use of the spectrum is eliminated and that all revenues are collected.

In doing so we will endeavour to provide world-class service to our clients, which will not only satisfy their requirements but ultimately exceed their expectations.

#### **Objective**

The Spectrum Users Committee will review documentation and provide input to the various policies and operating guidelines being developed by the SMA.

It is anticipated that members of the committee will give feedback to the Authority on not only their specific operation, but rather seek to provide a wider industry-related perspective.

Feedback from the Committee will be incorporated in the policies and operating guidelines prior to release for wider public consultation.

### **The Committee**

Members of the committee are drawn from a wide cross-section of users including:

- Mobile Cellular companies
- Major private radio networks
- The Government
- Operators of VSAT
- The Amateur Radio Association
- Specialized Mobile Radio operators
- Broadcasters

The Ministry of Industry, Commerce & Technology is also represented.

The Committee will be chaired by the Managing Director of the SMA with its Vice-Chairman selected from the group of Users represented. Secretary to the committee will be the Director, Legal Affairs – SMA.

### **Meetings**

Meetings will be held at the offices of the SMA, 25 Dominica Drive<sup>1</sup>, The Towers, Kingston 5. Date and time of meetings to be determined by consensus.

The committee will meet on an “as needed” basis, however the frequency of the meetings shall not exceed once per month.

### **Topics for Discussions**

It is the intent of the Authority to discuss initially the following issues with the members of the Committee:

- Policy framework for Spectrum Management
- Regulations pursuant to the Telecommunications Act, 2000
- A National Spectrum Allocation Plan
- Regulatory Fees payable by Spectrum Licensees.

The members of the Committee are also invited to recommend other areas of Spectrum Management for discussions.

SMA  
2002 January 18

---

<sup>1</sup> The SMA has since been relocated to 26 Belmont Rd., Kingston 5

## **ACRONYMS AND ABBREVIATIONS**

<b>ACA</b>	: Australian Communications Agency
<b>CRTC</b>	: Canadian Radio Television and Telecommunications Commission
<b>C&amp;WJ</b>	: Cable and Wireless Jamaica Ltd.
<b>GOJ</b>	: Government of Jamaica
<b>INDOTEL</b>	: Instituto Dominicano de las Telecomunicaciones
<b>ITU</b>	: International Telecommunications Union
<b>MMDS</b>	: Microwave Multipoint Distribution System
<b>ODTR</b>	: Office of Director of Telecommunications (Ireland)
<b>OUR</b>	: Office of Utilities Regulations
<b>PSTN</b>	: Public Switch Telephone Network
<b>RA</b>	: Radiocommunications Agency
<b>SMA</b>	: Spectrum Management Authority
<b>STV</b>	: Subscriber Television
<b>SUC</b>	: Spectrum Users Committee
<b>VSAT</b>	: Very Small Aperture Terminals
<b>VSI</b>	: Value of Service Index

## REFERENCES

Green, Cordell – Executive Director, Broadcasting Commission.

ITU Handbook, National Spectrum Management, Radiocommunications Bureau, Geneva, 1995.

Mazara, Fabrico Gomez - Authorizations Manager, Instituto Dominicano de las Telecomunicaciones (INDOTEL), Santo Domingo, Dominican Republic.

Office of Director of Telecommunication (Ireland) – Email response from Agency

Office of Utilities Regulation (OUR) – Budget 2001/02

Radiocommunications Agency (England) – Email response from Agency

Vachon Eric – Liaison Officer for Regulation, Industry Canada

[www.aca.gov.au](http://www.aca.gov.au)

[www.crtc.gc.ca](http://www.crtc.gc.ca)