

# SPECTRUM PRICING POLICY

## INTENT

The intent of this Notice is to advise of the decision to implement a Spectrum Pricing Policy establishing the minimum price to acquire spectrum in the 700 MHz, 850 MHz, 900 MHz, 1800 MHz and 1900 MHz bands.

## BACKGROUND

1. The Radio Frequency Spectrum is a valuable national resource for which the primary economic objective is to maximize the net benefits to society that can be generated from it such that there is an efficient distribution of resources resulting in maximum benefits to society. In this regard, prices are an important mechanism to ensure the spectrum resource is used efficiently.
2. The Telecommunications Act (hereinafter "the Act") empowers the Minister to take such steps as he considers necessary or desirable to regulate the use of the spectrum within Jamaica.
3. The Act also empowers the Minister to, *inter alia*:
  - a. require a person who has been granted a spectrum licence to pay a fee as determined by the Minister; and
  - b. impose an annual spectrum regulatory fee as he considers necessary to cover the reasonable operating cost incurred by the Spectrum Management Authority (hereinafter "the Authority"), provided that the said amount shall be calculated on the same basis in relation to each holder of a carrier licence and a service provider licence.

## ANALYSIS

1. It is recognised in valuing/pricing spectrum that, *inter alia*:
  - i. Spectrum pricing is highly situational and as such will vary over time, from market to market and from transaction to transaction.
  - ii. The value of spectrum has a private value component and a common value component. The common value component is a value which is the same across all potential buyers of the spectrum while, the private value component is a value where prospective owners possess the same information but form different valuations reflecting "private" differences.
  - iii. Pricing mechanisms facilitate the achievement of government's social objectives.

2. In establishing prices for mobile spectrum, the following broad goals and objectives are also considered:
  - ensuring the efficient use of the spectrum by ensuring sufficient incentives are in place;
  - maximizing the economic benefits to the country;
  - ensuring that users benefiting from the use of the spectrum pay for the cost of same; and
  - providing revenue to the Government of Jamaica and to the Authority.

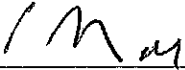
## DECISION

1. The decision has been taken to implement a spectrum pricing policy which will require as follows:
  - a) Any person to whom a new Domestic Mobile Spectrum Licence is granted shall pay no less than the price paid for such spectrum band as at March 31, 2014; and
  - b) An existing holder of a Domestic Mobile Spectrum Licence who seeks to renew such licence shall pay no less than the price paid for such spectrum band as at March 31, 2014.

The bands to which the pricing policy applies are the 700 MHz, 850 MHz, 900 MHz, 1800 MHz and 1900 MHz bands.

2. The aforementioned policy shall take effect on April 1, 2014 and remains in effect for two (2) years.

Issued under the authority of the Telecommunications Act

  
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Phillip Paulwell  
Minister of Science, Technology, Energy and Mining  
March 31, 2014