



**OFFICE of the  
REGULATOR**

# **Corporate Plan 2014 – 2019**

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**Covering the five financial years to 30 June 2019**

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## Foreword

The Office of the Regulator (OOTR) is Samoa's Regulator for the telecommunications, broadcasting, postal and electricity sectors. In all of these sectors it is the role of the regulator to ensure that consumers and other users have their rights protected and that they receive assured service quality and fair and reasonable prices. In the sectors which are competitive it is the role of the regulator to ensure that competition is facilitated and that it is fair and in accordance with the rules laid down in the various Acts and regulations.

The sectors of the economy in which the Regulator operates are fundamental to the functioning of a modern economy and a modern society. Telecommunications, broadcasting, postal and electricity services are important inputs for commerce and industry in Samoa. Telecommunications and broadcasting are fundamental to social engagement and inclusion in a modern society and to the reinforcement of cultural and social values. Electricity services are critical to modern life and becoming more and more so. Electricity is the base upon which so many other services depend.

It is important for stakeholders in each of these sectors, and for Samoa as a whole, that OOTR operates effectively in the discharge of its various statutory functions and in the exercise of the powers entrusted to it.

This Corporate Plan is for five years. Previous plans have been for a single year, but in this plan OOTR attempts to set establish a framework for a longer period to emphasise continuity on its part and to provide greater certainty for its clients and stakeholders whether they be consumers, sector service providers or others working in or associated with the various sectors.

The current situation and emerging issues associated with each of the sectors regulated by OOTR appear in this Corporate Plan. Those emerging issues, together with recurring issues associated with sector regulation now, set the environment in which OOTR will be approaching its task over the next five years. A brief sector scan, with a regulatory perspective, is set out for each of the regulated sectors in this Corporate Plan. OOTR must plan on what it expects to happen in each sector to the best of its ability, and to develop a general capacity to respond flexibly when issues arise that are not so reasonably foreseeable. The environment for all of the regulated sectors is dynamic, and change is occurring faster than in the past as a result of technological change and the pressures on demand and supply in converging markets.

Convergence is a central theme for at least the next decade. In ICT the development of the public internet and online services has not only changed the structure, dynamics and participation in telecommunications and broadcasting markets, but has major spill over effects for more traditional communications sectors such as postal. The need for network infrastructure affects the perception of electricity infrastructure as well. Worldwide power companies are seeking to exploit the potential of their own communications and management systems, their pole and tower-line networks and their access to households to deliver other services either in competition with telecommunications service providers or in association with them.

OOTR shares the vision of the Government and the regulated sectors of a modern society and economy in Samoa that is served efficiently and effectively by service providers who operate or compete on the merits, and who have incentives in the regulatory and commercial settings of their industries to continuously strive and innovate in the delivery of high quality services at lowest practical cost. Wherever possible that incentive is supplied through competition at various levels in the market, and where this is not sufficient, it is supplied through well directed and appropriate regulation.

OOTR intends to do much more than can be anticipated or outlined in the Corporate Plan. Continuing work associated with consumer education, applications, and the daily administration of many separate programmes will take up considerable resource, but is not typically highlighted in plans of this sort. In addition, there will undoubtedly be work that cannot be anticipated – whether it arises from market development or from new Government initiatives.

The objectives outlined in the Corporate Plan have, to the greatest extent possible, been formulated on SMART principles – that is they strive to be Specific, Measurable, Achievable, Relevant and Time bound. These principles are important for the Corporate Plan to be practical and well-grounded. They are also important on enabling OOTR and its stakeholders to assess progress and to hold the organisation to account. We intend to review progress at regular intervals throughout each year.

The Corporate Plan is a rolling five year plan. This means that it will be updated and extended for a further 12 months each year.

OOTR faces a special challenge of interacting directly with two Ministries headed by two different Ministers; The Minister responsible for Information Communications Technology and the Minister responsible for Electricity. Currently, OOTR having been established under the Ministry of Information and Communications Technology, reports to Cabinet through the Minister for ICT. A utility bill to ensure synchronization of the roles and responsibilities of the Regulator and the OOTR under all of the relevant Acts will be developed to minimize any possible contradictions or anomalies.

OOTR welcomes constructive comments from the industry, the public at large and all stakeholders on the Corporate Plan and on how both the Plan and the performance that it is intended to facilitate can be further improved.

(signed)

Donnie Defreitas

Regulator

(date)

## 1. Our Vision

A society where all consumers and participants experience the benefits of well-regulated ICT, postal and electricity services.

## 2. Our Mission

To facilitate and promote the best interests of consumers and participants in the ICT, postal and electricity sectors through the best combination of competition and effective regulation.

## 3. Our Mandate

OOTR's mandates are set out for each sector in Section 3 of the:

- a) *Telecommunications Act 2005*;
- b) *Broadcasting Act 2010*;
- c) *Postal Services Act 2010*; and
- d) *Electricity Act 2010*

The essential elements of the various mandates have substantial commonality and include:

- Facilitating the development of the sectors;
- Promoting widespread availability / universal access to the relevant services;
- Promoting efficient and reliable provision of the relevant services;
- Encouraging sustainable investment in each sector, and investment in renewable energy sources and reduced reliance on imported fossil fuels in the case of the electricity sector;
- Protecting the interests of customers in each sector;
- Promoting efficiency in the use of resources, including scarce resources;
- Promoting sustainable competition in each sector as a means of delivering consumer benefits in terms of innovation, service quality and price; and
- Establishing measures to enforce compliance and implementation of the policies in the legislation and to prohibit anticompetitive market conduct.

## 4. Our Guiding Principles

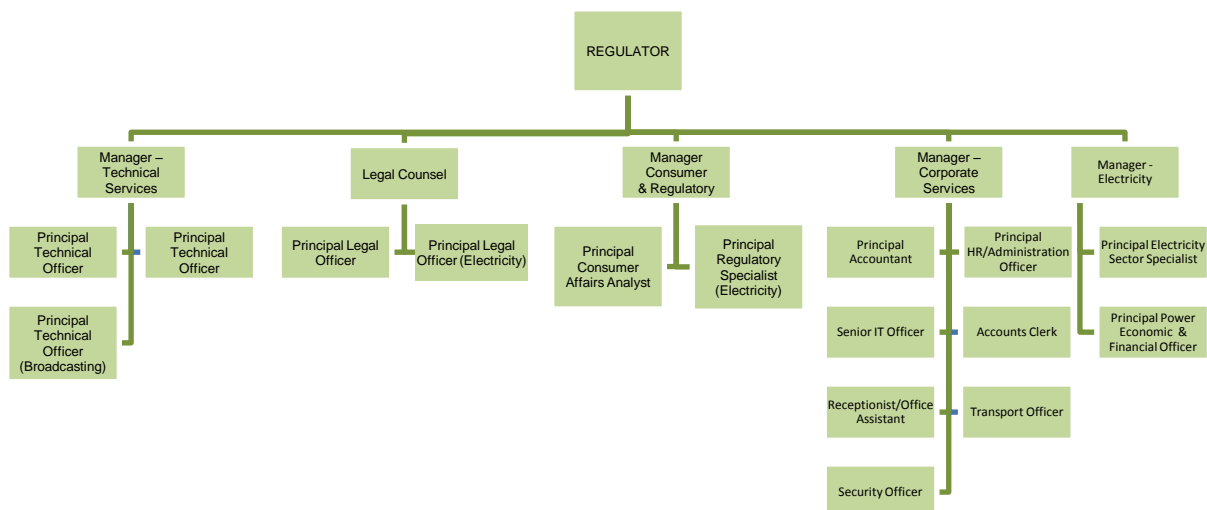
For independent regulators such as OOTR, independence and integrity are everything. These are supported by principles that guide what we do and how we do it. In particular we seek to work in a fair, open and transparent manner, with decisions being evidence-based after complete enquiry and consultation with the parties involved.

## 5. Organisational Structure

OOTR has an approved establishment (including the position of Regulator) of 22 positions, organised into five divisions:

1. **Consumer & Regulatory** – which undertakes regulatory oversight, market analysis and consumer affairs functions in the sectors within the mandate of the organization (telecommunications, broadcasting, electricity and postal). For these sectors the responsibilities of the division include overseeing licensee compliance, market monitoring, managing issues arising from anti-competitive behaviour, price regulation, access and interconnection, consumer complaint resolution, quality of service and universal access.
2. **Electricity** – which is responsible for electricity industry licensing, electricity tariff determination, establishing and monitoring electricity technical standards, and developing and enforcing appropriate electricity sector regulations.
3. **Technical Services** – which undertakes all spectrum management and technical duties of the organisation associated with the communications sectors, including the monitoring of spectrum usage, interference complaints management, equipment type approval and numbering management.
4. **Corporate Services** – which provides support in administration, and accounting, human resources and other corporate services to the Office
5. **Legal** – which ensures that the legal requirements in the various legislation are complied with and provides legal advice on all matters relating to the Office and to act as the repository for all legal documents and licences.

The organisation structure is depicted graphically below.



## 6. Industry assessments

All of the sectors regulated by OOTR are undergoing substantial change as a result of changes in underlying technologies, cost structures, consumer preferences and habits, social and economic interactions and transactions, and in overall policy settings. In these circumstances it is important for regulatory objectives and processes to reflect current concerns and to respond to markets and issues as they currently exist. Outdated regulation can be a major drag on the relevant sectors and act as barriers rather than facilitators of required change and development.

OOTR will undertake regular scans of each of the regulated sectors to better understand developments and trends, and to anticipate issues as well as possible. With that in mind, outlined below are some of the major factors that OOTR considers will affect each of the regulated sectors over the period of this Corporate Plan.

### 6.1 Telecommunications

Major trends affecting telecommunications, and the ICT sector generally, are:

- The application on a ubiquitous basis of digital technologies and, in particular, packet switched technologies based on Internet Protocols
- Achieving substantial efficiencies in transmission, through optical fibre technologies at all levels in networks and platforms
- Developments in network design and topologies with decentralisation of intelligence
- Convergence in technologies across sectors, enabling greater cross-sectoral competition
- Greater scale economies and the development of oligopolistic patterns in infrastructure and network competition
- Transformation of value and supply chains, with more emphasis on content and applications creation and management
- Transformation in economic, commercial and social transactions via personal communications and high speed internet access
- Alternatives for personal communications beyond traditional hard copy, text and voice options
- Renewed pressure on access regimes and costs of sharing, with necessary changes to the way call termination is addressed

These changes will continue to play out in Samoa and elsewhere in terms of increasing concentration within the sector, and particularly in terms of the numbers of infrastructure competitors that the market might sustain.

Telecommunications networks are becoming much more data centric compared to a predominantly voice focus in the past. This will change the nature of long term recurring issues such as wholesale access and interconnection, and will require different approaches to interconnection charging compared traditional approaches now coming to the end of their useful lifespan.

Because Samoa will likely have few facilities-based service providers and limited numbers of other service providers in this sector the market forces associated with full and effective competition cannot be relied on to deliver all desired consumer outcomes. The size of the addressable market in Samoa also means that market behaviour will have a more win-lose characteristic than in larger markets. Therefore OOTR anticipates that behaviour of market participants will need to be closely monitored to ensure that it remains competitive rather than anti-competitive, and that measures are likely to remain in place throughout the period of this Corporate Plan to address issues associated with dominance and abuse of dominant positions in the market.

Other issues that will arise or re-emerge during the period of the Corporate Plan in Samoa as a result of the broader sectoral trends are:

- *Licensing* - to implement uniform service provider licensing which is technology and service neutral, appropriate to a convergent environment
- *Spectrum licensing and fees* will need review
- *Universal access scheme* and fund management – these will need to be fundamentally reviewed and adjusted based on operating experience and changing expectations in under-served areas
- The *equipment approvals regime* will need to be further streamlined and improved during the period
- Review and revision of the *National Numbering Plan*
- *Competition issues* especially associated with wholesale access and with on-net and interconnection price gaming, will continue and may become exacerbated
- *Tariffs* remain high in this sector, especially for international bandwidth and international call services. In the area of national tariffs retail tariffs have not yet reflected the reductions that have been negotiated for call termination (terminating interconnection)

Wholesale access issues will continue and new ones will emerge – such as the management of the Government-funded Samoan National Broadband Highway referred to below.

## 6.2 Broadcasting

In addition to the technological developments and convergence which affect the whole of the ICT sector (including both telecommunications and broadcasting) there are some special issues that will add to the challenge for OOTR over the next five years. These include:

- Changes to traditional business models for the media and especially for free to air, advertising-funded television



- Jurisdictional issues with the internet and internet content management
- Divergence between codes for internet and other broadcasting content
- Narrowcasting applications that affect related parties and common interest groups but which are not intended as public broadcasts in the traditional sense Child protection
- Digital efficiency dividends as broadcasting spectrum is withdrawn for more appropriate uses

Within Samoa the development and operation of codes of conduct by broadcasters and the resolution of customer complaints about broadcast content will continue as a major issue. In addition there is widespread non-compliance by broadcasters with licence conditions and this widespread culture will need to be turned around over the next five years.

### 6.3 Postal Services

The major global trend for postal authorities relate to the changes in the overall communications environment that are destroying the traditional business model for postal businesses. Factors in these trends include:

- The online transaction revolution affecting both commercial mail through online retailing and B2B<sup>1</sup> applications, and social mail through social networks, email, etc
- Rapidly reduced costs of alternative communications
- Competition from low cost competitors in urban areas, including parcel and courier delivery competition especially in high value segments
- Scale diseconomies as mail volumes reduce resulting in higher unit costs

Samoa is less impacted than countries where the postal authorities run extensive mail delivery networks. On the other hand the mail box approach to delivery in Samoa means that SamoaPost has fewer options to leverage delivery as a critical part of a new business model.

To date OOTR has been required to do little in relation to postal regulation or compliance monitoring but this will likely change during the course of the Corporate Plan period. If it does not the legislation may need to be amended to better reflect the actual situation and the responsibilities actually being discharged.

### 6.4 Electricity

Electricity has been recently added to OOTR's portfolio of regulated industries, and much needs to be done. The electricity industry in Samoa and worldwide is undergoing change because of:

- Increased price of fossil fuels
- Increased consumer demand for electricity and for reliable supply

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<sup>1</sup> Business to Business (B2B)



- Increased awareness of the need for proactive measures to protect the environment and the search for renewable (clean) energy replacements for electricity generation. Note that the Samoan Government has established a target for the reduction of imported volumes of fossil fuels; namely that they should be reduced by 20% in 2016 compared to 2013 import levels.
- Promotion of competition particularly in the generation sub-sector as a means of ensuring efficient supply and to counteract the trend of increased input costs

Because this is a new area for regulation and for OOTR involvement many of the key regulatory settings associated with applications and licensing, tariff setting, data collection and monitoring, policy on Independent Power Producers (IPPs), and unwinding historical cross-subsidies, will need to be done, or at least substantially progressed, in 2014.

## 6.5 Overall

OOTR recognises that the resources available to it will be constrained and that every effort will need to be made to ensure that the staff and other resources are deployed in the most efficient way. Prioritisation will be necessary to ensure that more important and urgent activities are undertaken first.

To meet the challenges of the next five years OOTR will need to have personnel that have the training and skill to undertake the key work outlines in this Plan. The organisation will need to be agile and flexible to be able to respond effectively, particularly to emerging situations that are not particularly foreseeable in a highly dynamic industry situation. With this in mind, the organisation structure has been modified to be as flat as possible with all divisional staff reporting to the divisional manager and, in the process, avoiding multiple layers of supervision and potential rework.

## 7. Our Goals, Objectives and Outputs

OOTR has identified ten high level goals that collectively describe what it is seeking to do in the course of the next five years. These goals have been expressed in terms that are largely sector-independent. They are derived from OOTR's mandate and its industry assessment. Each goal may be expressed in terms of a number of more specific objectives that OOTR wishes to achieve or, if it is of an ongoing nature, to materially progress, during the period of this Corporate Plan.

OOTR seeks always to have a practical and well-grounded Plan. The planned outputs resulting from the achievement of each objective are also listed. Note that in some cases the same outcome may result from pursuing more than one objective.

### Goal 1: Industry development

This goal covers the requirement to facilitate the development of all regulated sectors and the introduction of new and improved technologies in each to provide modern services to the relevant customers.

OOTR will achieve this goal by meeting the following objectives:

#### *Objective 1.1*

To ensure that regulation and licensing is service-neutral as far as possible

#### *Objective 1.2*

To ensure that regulation and licensing is technology-neutral as far as possible

#### *Objective 1.3*

To ensure that a current and adequate spectrum management policy and plan are in place

#### *Objective 1.4*

To reduce barriers to broadband infrastructure and service rollout

#### *Objective 1.5*

To ensure that numbering resources are made available for development of the sectors

#### *Outputs*

The outputs that are planned are:

- a) A review of licensing for ICT by Q3 2015
- b) A revision of the Rules for Licensing by Q3 2015

- c) A review of regulation to remove avoidable service-specific and technology-specific references by Q3 2015
- d) A review and, as required, revision, of the Spectrum Management Plan by Q4 2014
- e) Identifying barriers for broadband rollout by Q4 2015
- f) Preparing plans to remove or limit barriers identified by Q2 2016
- g) Revised National Numbering Plan by Q2 2015
- h) Determining the feasibility of number portability and implementation if necessary by Q2 2016

## **Goal 2: Availability of and access to services**

This goal covers affordability of services which is a major issue in Samoa, particularly in rural locations.

OOTR will achieve this goal by meeting the following objectives:

### *Objective 2.1*

To encourage network coverage and service extension

### *Objective 2.2*

To review price levels and price regulation, and the operation of markets in driving prices lower

### *Outputs*

The outputs that are planned are:

- a) A review of the operation of the ICT universal access scheme and its effectiveness by Q2 2015
- b) A review of the broadcast coverage and developing plans to facilitate expansion by Q4 2015
- c) Established approval processes for electricity expansion plans by Q4 2014
- d) A review of international call charges to determine what actions are necessary to reduce them to the levels in other competitive market places in the region by Q4 2014
- e) A review of roaming availability and charges and developing industry rules to govern same by Q3 2015

- f) A review of national ICT retail tariffs to examine if and how reductions in wholesale rates (for call termination in particular) have flowed through to consumers by Q4 2014
- g) A multi-year EPC tariff in place by Q3 2014
- h) Electricity IPP agreements to be in place by Q2 2015

### **Goal 3: Efficient and reliable services**

This goal covers facilitating the efficient and reliable provision of the relevant services.

OOTR will achieve this goal by meeting the following objectives:

#### *Objective 3.1*

To remove avoidable regulatory burdens and costs

#### *Objective 3.2*

To ensure that best practice service standards are specified and implemented

#### *Outputs*

The outputs that are planned are:

- a) Consultation with ICT service providers on reducing the burden of avoidable regulation by Q2 2015
- b) A comprehensive review of the operation of the ICT universal access scheme and its effectiveness by Q4 2015
- c) A review of service standards applicable to electricity services by Q4 2014
- d) A comprehensive review of service standards for broadcasters by Q1 2016

### **Goal 4: Convergence**

This goal covers the amendment of regulation to facilitate, accommodate and respond to convergence, particularly in the ICT sector.

OOTR will achieve this goal by meeting the following objectives:

#### *Objective 4.1*

To achieve service-neutral regulation to the extent possible

#### *Objective 4.2*

To achieve technology-neutral regulation to the extent possible

### *Objective 4.3*

To review all ICT licences to ensure that they reflect pro-convergence principles

### *Outputs*

The outputs that are planned are:

- a) A review of ICT licences by Q3 2015 (repeated if necessary by Q2 2019)
- b) A review of regulation to remove avoidable service-specific and technology-specific references by Q1 2016

## **Goal 5: Sustainable investment**

This goal covers the amendment of regulation to facilitate, accommodate and respond to convergence, particularly in the ICT sector.

OOTR will achieve this goal by meeting the following objectives:

### *Objective 5.1*

To achieve commercially sustainable investment in all regulated sectors

### *Objective 5.2*

To achieve environmentally sustainable investment in all regulated sectors

### *Objective 5.3*

To improve regulatory certainty and thereby improve investment settings

### *Objective 5.4*

To achieve an efficient fees regime that encourages sustainable investment

### *Outputs*

The outputs that are planned are:

- a) A review of ICT wholesale access and sharing costing principles and their application with new investment in mind by Q1 2015
- b) Completed policies and processes associated with IPP agreements by Q4 2015
- c) A review of risk adjustment procedures and considerations that should inform estimation of the cost of capital in regulatory price determination in all sectors by Q3 2015

- d) Revision of the fee structure to ensure that it facilitates efficient use of available resources by Q4 2014

## **Goal 6: Consumer protection**

This goal covers the protection of the welfare and interests of consumers and customers in all regulated segments to ensure that they receive fair treatment and to counteract the power imbalance that they have vis-à-vis service providers.

OOTR will achieve this goal by meeting the following objectives:

### *Objective 6.1*

To establish Consumer Codes with substantive and procedural consumer entitlements in all regulated sectors

### *Objective 6.2*

To establish effective and efficient consumer complaints management systems in all regulated sectors

### *Outputs*

The outputs that are planned are:

- a) A completed consumer protection rule for ICT users by Q1 2015
- b) A completed consumer protection rule for electricity users by Q1 2015
- c) A completed consumer protection rule for postal service users by Q4 2015
- d) A review of the complaints management systems including appropriate escalation arrangements for ICT, postal and electricity users by Q3 2015

## **Goal 7: Efficient use of scarce resources**

This goal covers the efficient use of numbering and spectrum which are public resources. In addition it covers the development of new resources to replace existing resource usage patterns with unacceptable side-effects, such as reliance on imported fossil fuels in the electricity services sector.

OOTR will achieve this goal by meeting the following objectives:

### *Objective 7.1*

To facilitate renewable energy sources for electricity generation

### *Objective 7.2*

To have best practice spectrum management arrangements

### *Objective 7.3*

To adopt number planning and management that will ensure the adequacy of number ranges for new and growing services into the foreseeable future

### *Outputs*

The outputs that are planned are:

- a) Completion of IPP templates renewable energy by Q3 2015
- b) A review of the Spectrum Management Plan and related systems by Q4 2015
- c) A review of the national numbering plan by Q4 2014

## **Goal 8: Effective competition**

This goal includes promoting sustainable competition in each sector as a means of delivering consumer benefits in terms of innovation, service quality and affordable prices.

OOTR will achieve this goal by meeting the following objectives:

### *Objective 8.1*

To implement IPP agreements

### *Objective 8.2*

To institute market monitoring for anti-competitive behaviour

### *Objective 8.3*

To operate an effective anti-competitive behaviour complaints system

### *Outputs*

The outputs that are planned are:

- a) Completion of IPP agreements for renewable energy, and especially for solar, by Q3 2015
- b) A data collection regime by Q1 2015
- c) Defining markets by Q1 2015
- d) A documented competition complaints management system and related procedures by Q1 2015



## **Goal 9: Enforcement, Compliance and public awareness**

This goal includes enforcing compliance and implementation and prohibiting anticompetitive market conduct.

OOTR will achieve this goal by meeting the following objectives:

### *Objective 9.1*

To implement data collection systems

### *Objective 9.2*

To implement market monitoring systems

### *Objective 9.3*

To operate an effective appeals management process

### *Objective 9.4*

To improve public awareness of OOTR's role and programs

### *Objective 9.5*

To improve the collection of fees owed to OOTR

### *Objective 9.6*

To ensure efficient monitoring of the sectors

### *Outputs*

The outputs that are planned are:

- a) A data collection regime for all sectors to be established by Q4 2014
- b) Market monitoring procedures for all sectors to be documented by Q2 2015
- c) A postal price monitoring and compliance system to be established by Q1 2016
- d) Effective processes and systems for OOTR's involvement in appeals process (as respondent) by Q2 2016
- e) A process for Alternative Disputes Resolution such as mediation etc. to be developed by Q2 2016
- f) A plan to improve public awareness of OOTR's functions and activities by Q3 2015 for implementation thereafter

- g) Conduct awareness programs on the implications of the transition from analogue to digital by Q3 2014
- h) A process for collection of fees and include procedures for legal redress by Q4 2014
- i) Continuous upgrading of the SMS system

## **Goal 10: Institutional strengthening of the OOTR (Human and Physical Resource development)**

This goal covers building the capacity of the UUTR and the skills and knowledge of OOTR staff. As well leadership continuity for the organisation must be ensured.

OOTR will achieve this goal by meeting the following objectives:

### *Objective 10.1*

To ensure continuity of operations of the Organisation

### *Objective 10.2*

To organise skills and knowledge training

### *Objective 10.3*

To establish individual staff development plans

### *Objective 10.4*

To review the organisation (regularly)

### *Objective 10.5*

To ensure adequate staff resources

### *Objective 10.6*

To identify and develop a set of leaders

### *Objective 10.7*

To develop and document key OOTR processes

### *Objective 10.8*

To improve staff relations

### *Objective 10.9*

To improve work flows

### Objective 10.10

To create a physical environment conducive to productive work

#### Outputs

The outputs that are planned are:

- a) A organisational succession Plan with planned succession for each position by Q1 2015
- b) A business continuity plan for all foreseeable events by Q2 2015
- c) An annual skills assessment and training analysis by Q2 2015
- d) A skills and knowledge improvement training plan for each individual staff member and implemented over the 3 year period by Q4 2017
- e) A review of the organisation and of the adequacy of the approved establishment by Q1 2015
- f) A program leadership training and job rotations (where possible) in management positions to be established by Q2 2015
- g) Documented OOTR processes and procedures to assist training of new staff for industry appreciate (as appropriate) by Q4 2015
- h) An implementation schedule of team building and knowledge sharing exercises by Q1 2015
- i) An efficient information management system by Q1 2015
- j) A resource library by Q2 2015
- k) Plans for office expansion to cater for increased staff by Q3 2015
- l) A security plan to safeguard office assets by Q3 2015

## 8. Support for Government Plans and Policies

OOTR supports government policies through specific directions by Government and as outlined in the *Strategies for the Development of Samoa* (SDS)