
**Speaking Notes on the Topic
“Regulatory issues of importance to Consumers”**



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Colleagues, friends, Good Morning.

Firstly, I must congratulate the Office of Utilities Regulation (OUR) for hosting this Forum, which allows for deep thinking on several critical issues; and for allowing us, the FTC, the opportunity to share our views in this session which directly affects our operations at the FTC, as well as all of us, as consumers.

Yesterday we heard much about the positive value of the OUR to our economy as a whole. Today, I will deliberately make what some would consider provocative statements, or statements that are somewhat mischievous.

Are there any Consumer Associations with us here this morning?

Yes, there are. We look forward to your participation in this discussion.

I will begin by sharing 2 experiences from a consumers' perspective.

¹ These were the opening remarks for the panel discussion on the topic “Regulatory issues of importance to Consumers” at the Office of Utilities Regulation’s 15th Anniversary Forum entitled “Regulation as a Catalyst for Sustainable Development. The Forum was held at the Jamaica Pegasus Hotel, Kingston, Jamaica, on November 1 and 2, 2012. This discussion took place on November 2nd.

I recently had reason to renew my motor vehicle insurance, and I was told by my insurance broker that in order for my coverage to be renewed I must present proof of my address. I found this somewhat strange but nevertheless I presented the insurance renewal notice that was mailed to me by the broker. After all, I did receive the notice through the mail and therefore, that was confirmation of my address. I was then told that I need to present a utility bill because the notice will not be accepted. My broker could not explain the rationale, and stated that the Insurance Regulator had specified that only a utility bill would be accepted.

As a consumer, I am none the wiser for the experience; and it was confirmed to me yet again, that regulators often times require that consumers comply with its decisions without explaining the rationale of reasoning; which may lead to either non-compliance, an incorrect interpretation of the regulations, or a suspicious feeling that somehow all is not right; and we, the consumer, have gotten the wrong end of the stick.

My second example is drawn from complaints that we receive at the FTC from time to time. The complaint is that “I was watching television a few nights ago, and I noticed a flickering of the lights and a momentary dip in the power. A few seconds later, the power seemed to stabilize and when I checked my refrigerator I noticed that it was not functioning. So, although I have a power guard on the refrigerator, the power surge damaged it. It wasn’t me who caused the power fluctuation, so I called the Jamaica Public Service Company Limited and requested that it replace my refrigerator, and was told that they will not. I went to the OUR and was told that there is a process, after which I may be given some form of redress, which may not include a new refrigerator. I must therefore ask who is there to protect my rights and protect my pocket?”

This leads me to the saying: ***“A consumer is a shopper who is sore about something”***.

For in pursuit of his happiness, a consumer will acquire goods according to his willingness and ability to pay for these goods. The goods that will make one consumer happy will not necessarily make another consumer happy as consumer preferences vary from individual to individual and from time to time. Most times, we raise concerns only when we feel that we have been wronged.

The 1990's

Let us think back to the 1990's: which saw the liberalization of most sectors, the privatization of state owned enterprises, the lifting of import quotas and the removal and reduction of several trade barriers. The 1990's brought technological advancement that impacted on, and further added to, the propelling of economic activities.

There were new ideas, new services, and new ways of doing business. There was a climate of business opportunities for entrepreneurs and of windfall for consumers. The level of consumer choice was unprecedented. There was this transformation – and we all saw what was going on...our Government did, stakeholders of various types did, from different origins and with different intentions...we the consumers did. Remember that age old saying:

"The road to hell is paved with good intentions"

So we as a country, set out to level the playing field, set the stage for fair play, for competitive prices, for better choices to consumers, for there to be increased consumer satisfaction and welfare. As, to ensure that consumers get the maximum benefits, it is necessary for there to be unbridled competition among providers; and where competition is infeasible or unworkable, regulatory intervention becomes necessary.

The Need for Rules & Procedures

Here came the need for competition laws, the need for consumer protection laws and a utilities regulator.

It goes without saying therefore that effective competition and by extension increased consumer welfare, must work hand-in-hand with smart regulation - one cannot operate independently of the other.

So, there was a need for regulation in some form or other in several sectors. Regulation and oversight was strengthened in sectors where regulation already existed, for example in banking and finance. There was the creation of the OUR to maintain oversight on electricity and water; as well as transportation and telecoms, which came over time, with technological advancements in a relatively short space of time.

But Jamaica's experience has not been all "red wine and roses" as far as consumers and market participants are concerned.

When we bring in regulation, it comes with its own set of laws, rules, guidelines, policies and practices; some of which may infringe directly or indirectly on consumer rights or consumer interests; or they may be in conflict with other pieces of legislation: all of which at the time of passing, were "well-intentioned".

We have from the Government's side: the OUR, the Consumer Affairs Commission (CAC), the FTC to name a few. We have investors whose objective is to maximize profit. And we have consumers, who have their own set of needs.

The Regulator is supposed to bridge the gap between investors and consumers; in the interest of maintaining a market that functions for all.

Let's be frank, consumers will say things like "the OUR works for JPS" ...or "Government is bringing foreign people here to make money, and is unconcerned about consumers need for good quality and lower prices".

How do we solve these problems?

Of what the regulator is set up to do?

Of what investors' needs are?

Of what consumers want?

Of how to make the correct regulatory decisions?

Of what is reasonable for us all to achieve?

There ought to be a balance and how do we strike an equitable balance?

With us here this morning to air the issues are Mr. Pasch Fuller, Director of the Consumer Affairs Commission (CAC); Miss Yasmin Chong, Chair of the Consumer Advisory Committee on Utilities; Mr. David Geddes, Director of the National Water Commission, who for several years was employed with the OUR; and Professor Rosalea Hamilton, President of the Micro, Small & Medium-sized Enterprises.

Of course, we invite you to share your thoughts shortly after we hear from our panelists.

Closing Remarks

Some of us will agree that often times we create systems with a view to satisfying a particular set of persons. But when all is said and done, many of these same persons that we are trying to satisfy form a view that this system that has been created, has made them worse off.

Shouldn't we listen to consumers? After all, it is the consumer why we thought it necessary to put a system in place.

We have seen in international sporting arena where for example, in the National Football League (NFL) and the International Cricket Council (ICC), the respective regulators had introduced replays in sports in order to facilitate the making of correct decisions and a more satisfied fan. In contrast the Federation International de Football Association (FIFA) has for long, delayed the introduction of using replay technology and this has resulted in fans questioning the integrity of the sport because of bad decisions which have affected the outcome of games.

I think we would all agree that regulators ought to listen to consumers; to the market players; see the technological developments in relevant markets and adjust the playing field in order to

maintain proper, equitable and reasonable oversight which will, for the most part, result in a more satisfied consumer.

Thank you.