Evaluation of Salient Provisions of the Nigeria Communication Commission Act, 2003

PIWUNA Morgan Goson LL.M, BL, PGDM Department of Commercial Law Faculty of Law University of Jos Nigeria

Abstract

Telecommunications is an essential public service and has witnessed a marked revolution and departed from the conventional system of telecommunications services by the state, to a private sector-run system of telecommunications service provision. The sector was deregulated and the private sector took over the provision of telecommunications services from an ineffective State–owned monopolistic service provider. The importance and strategic position of telecommunications however demands that it cannot be left to the private sector alone. Hence the need to have a body to superintend telecommunications in Nigeria underscores the need for the establishment of the Nigerian Communications Commission (NCC) with a view to ensuring compliance with set codes of conduct and international best practices. The NCC was created by the Nigeria Communication Commission Act 2003 and saddled with enormous powers to regulate the sector. It is one thing however to saddle the Commission with powers and another for the Commission to utilise the said powers effectively to achieve the purpose for which those powers were given. This presentation therefore, considered the nature and scope of these powers in juxtaposition with the assumption that the Commission has failed to utilise its powers effectively towards fully attaining the objects of the Act.

Introduction

The relevance of telecommunications in the contemporary world cannot be overstated. It was in fact described as "an essential means for reaching the "Bottom of the Pyramid" and enabling individuals to reduce poverty and improve the quality of their lives. In other climes, telecommunications has been described as an "essential public service". Nigeria's National Policy on Telecommunications considers it as "a vital engine of any economy; it is an essential infrastructure that promotes the development of other sectors such as education, industry, banking, defence, transportation and tourism to mentioned a few. It is indispensable in times of national emergency of natural disasters. It considerably reduces the risk and rigour of travel and rural-urban migration"

The Communication Act, 2003 gives the Commission enormous powers to achieve the mandate of the Act which include, in*ter alia*, promoting competition and preventing anti-competitive activities, injecting investment into the sector and ensuring the provision of high quality yet cheap and affordable telecommunications service throughout Nigeria; and most importantly, the protection of customers' rights. While it may be conceded that there has been considerable injection of FDI in the sectors, the same cannot be said of the challenges faced by consumers of telecommunications services in Nigeria. The pertinent question therefore is whether the Commission has succeeded in using it enormous powers to ensure compliance with technical standards within the sector.

Power in Perspective

At the core of this research, is the consideration of the concept of "power". This apparently is a term that is capable of several definitions or meanings depending on the context within which same is used¹. The Black's Law Dictionary considers the word powers to mean the ability to act or not to act: especially a person's capability for acting in such a manner as to control someone else's responses².

¹ It could be used in such manner as to depict control, ability, authority, influence, etc.

² Garner, B.A. (Ed) *Black's Law Dictionary*, 8th Ed, (USA: Thompson West, 2004) at p.1209.

It was further considered to mean the dominance, control or influence over another; control over one's subordinates.³Perhaps the most apt definition of power for the purpose of this study, is the 3rd definition proffered by Black's Law Dictionary as the legal right or authorisation to act or not ac; a person's or organisation's ability to alter by an Act of will, with the rights, duties, liabilities, or other legal relations either of that person or of another.⁴ It is in this light that Farnsworth commented that a power is the capacity to change a legal relationship.⁵ Power could be delegated, concurrent, derivative, apparent, incidental, or implied. It may be legitimate or illegitimate or its bounds exceeded.

Meaning of Telecommunications

Different scholars have defined Telecommunications in diverse ways. It has been said to be the technology of sending signals, images, and massages over long distances by radio, telephone, television, satellite etc.⁶ Similarly, Telecommunications is said to mean any transmission, emission or reception of messages (speech, sound, text, image or data) in the form of signals by using wire, radio, optical or other electromagnetic systems.⁷ The Telecom Act of the Kingdom of Saudi Arabia defined telecommunications as "the conveyance of signals between defined termination points by wire/wireless equipment, including the conveyance of signal over the internet".⁸

The United States Telecommunications Act⁹ defines Telecommunications as "...the transmission, between or among points specified by the user of information of the user's choosing without change in the form or content of the information as sent and received."¹⁰ The interpretation section of the Nigerian Communication Act 2003, equally prescribes a definition similar to the Serbian Telecommunications Law; it provides that Telecommunications means any transmission, emission or reception of signs, signals, writing, images, sounds or intelligence of any nature by wire, radio, visual or other electro-magnetic system.¹¹From the above definitions, it could be gleaned that Telecommunications simply put, is the technology utilised in transmitting and receiving signals via wired and/or radio means over long or short distances.

Put differently, Telecommunications law refers to the legal framework or the totally of laws that guide and regulate the conduct of all persons¹² engaged in the utilisation of the technology involved in transmitting, emitting and receiving signals, be it in the form of signs, writing, images, sounds or intelligence of any nature via wired and/or radio means over long or short distances and the business of provision of telecommunications services.

Evolution of Telecommunications Regulatory Law in Nigeria

The colonialists constructed a communications infrastructure to serve their needs. In 1886, public telegraph services linking Lagos by submarine cable along the West African Coast through Ghana, Sierra- Leone, Gambia and on the England were put in place.¹³The above marked the commencement of what some scholar's termed "the nucleus of a national telecommunication network" in Nigeria.¹⁴ Government Offices in Lagos were reported to have been provided with telephone services as at **1893**.¹⁵

3 Ibid.

4 Ibid.

6 Hornby op cit at p.1535

8 Telecommunications Act of the Kingdom of Saudi Arabia.

11 S. 157 Nigerian Communications Act, 2003.

⁵ Contracts, 3rd Ed. 3.4 at 114 in Garner, Opcit

⁷ Article 4 (2), Telecommunications Law of the Republic of Serbia 2007.

⁹ United States Telecommunications Act of 1996 amended the United States Communications Act of 1932 by making additional provisions, hence both laws and subsisting.

¹⁰ Section 3 (50), United States Telecommunications Act of 1996, see also Section 3 (43) (United States) Communications Act of 1932.

¹² These include the regulator (The Commission), the regulated (the telecommunication operators or service providers) and the customers.

¹³ "National Policy on Telecommunication", Being a Government policy document published by the Ministry of Information in 2000, the implementation of which gave birth to the NC Act 2003. P.4.

http://www.researchafrica.net/nigeria/National%20Policy%20on%Telecommunications.pdf accessed 23/05/2013.

¹⁴ Ajayi, G.O. and Salawu R.I. et al, "A Century of Telecommunication Development in Nigeria ... What Next?" an Online Articlepublished in htt://www.vii.org/papers/Nigeria.htm, accessed 23/05/2013.

¹⁵ Ibid.

These were subsequently extended to Ilorin and Jebba. By the year "...**1923,** the first commercial trunk telephone service between Itu and Calabar was established. Between 1946 and 1952, a three channel line carrier system was commissioned between Lagos, Ibadan and was later extended to Oshogbo, Kaduna, Kano, Lagos and the commercial and Enugu; thus connecting office in London with Lagos and the commercial centres (sic) in the country with local authority offices. ¹⁶ Marginal but steady expansion was witnessed in the Nigerian telecommunication industry due to attempts made towards implementing formal development plans was designed for the sector. The *first* development plan formulated between 1955-1960.¹⁷ At the time, "the trunk was expanded using a VHF Multichannel Radio System on a nationwide basis and a short microwave link between Lagos and Ibadan.¹⁸ As such, at independence in 1960, there were only 18,724 telephone lines for a population estimated at about 40 million people at the time.¹⁹ This translated to a teledensity²⁰ of about 0.5 telephone lines per 1,000 people. The telephone network consisted of 121 exchanges of which 116 were of the manual (magneto)type and only 5 automatic.²¹

The Nigerian Civil war took place from 1967-1969 and stalled the plan expansion of the Telecommunication infrastructure in the country. The second development plan covered the period between 1970 and 1975 which witnessed deliberate attempts at reinstating the facilities damaged during the civil war as opposed to building on the gains recorded hitherto.²² The third development plan covered the period between 1976-1980 and termed as the most ambitious as efforts were made to have an upsurge of facilities from approximately 52,000 lines to 750,000 lines.²³ The target was not met due to inadequacy of funding and skilled manpower to manage the increased facilities, but the number of telephone lines increased to about 241,000.²⁴

The fourth National Development plan covered the period between 1970-1985 and sought to consolidate on the above by further increasing the number of telephone lines by 370,550.²⁵ Suffice it to not that, the telecommunications sector was managed by both the Department of Post and Telecommunications (P&T)²⁶ and the Nigerian External Telecommunication (NET)²⁷ Limited. Telecommunications development during this period was characterized by serious short-falls between planned targets and their realization, principally because of poor management, lack of accountability, transparency and low level of executive capacity.²⁸ The above arrangement was aptly described by Alibi thus;

The post and Telecommunications Department consisted of two dissimilar businesses with different operating objectives and environments. The Postal Service was essentially social in outlook. As Telecommunication on the whole is a commercial operation, there were difficulties in the management of these two services to the detriment of the public interest of having good communications facilities.

¹⁶ Ibid, Ajayi et al, opined that, "the main transmission medium during the pre-independence era was unshielded twisted pair. This evolved later from rural carrier systems on high gauge lines to line carrier systems of twelve-channel capacity. Small-to-medium-capacity systems employing VHF and UHF radio were introduced around 1955".

¹⁷ Ibid.

¹⁸ Ibid.

¹⁹ National Policy on Telecommunications. Op.Cit.

²⁰ Teledensity is a measure of telephone availability, expressed as the number of main lines per 100 inhabitants in a country. Microsoft Encarta 2009.

²¹ MOI, Op.cit. p.4

²² Ibid.

²³ Ajayi, et al Op.cit.

²⁴ Ibid.

²⁵ Ibid.

²⁶ A Department Under the then Ministry of Communications.

²⁷ The Department of Posts and Telecommunication managed internal networks while the Nigerian External Telecommunications Limited managed external telecommunication services. See National Policy on Telecommunications at footnote 26 supra.

²⁸ Ajayi, et al Op..cit.

Further, the existence of separate organisations for the management of the internal and external Telecommunication networks did not augur well for efficient national Telecommunications network because of lack of co-ordination that existed between the two operating entities in development planning, project phasing implementation, operation, maintenance and building...²⁹

Sequel to the above noted ineffectiveness of the regulatory structure, the Department of Posts and Telecommunication and the Nigerian External Telecommunication (NET) Limited were merged to form 'Nigerian Telecommunication Limited' (NITEL) in 1985.³⁰ What existed at the time was a monopoly of Telecommunication services as NITEL was the only operator in the country.³¹

It is a notorious fact that NITEL was equally ill managed and ineffective, hence the government again in its fifth National Development Plan made a bold attempt at reforming the Telecommunication sector in 1992 with the promulgation of Degree No. 75 of 1992 which established the Nigerian Communication Commission as a regulator of the sector.³²

The sixth National Development Plan was necessitated by the coming into existence of the Nigerian Communication Commission and greater private participation in the Telecommunication sector in the country. The exponential boom in private participation resulted from the reformation efforts of the civilian administration in 1999. This led to the formulation of National Policy on Telecommunication sometimes in the year 2000 which served as the precursor for enactment of the Nigerian Communications Act, 2003. The Nigerian Telecommunications market was liberalised as there was massive private participation across several sectors of the Nigerian economy.³³The Nigerian Telecommunications market was transformed from a monopolistic market to one in which private investment in the sector grew from about \$50 million in 1999 to over \$25 billion by 2010.34

The Telecommunications revolution was kick-started by the introduction of Global System for Mobile Telecommunication (GSM) service, with the completion of the auction of the Nigerian Digital Mobile License in July 2001.³⁵ Five companies³⁶ were said to have bided for the GSM/Digital Mobile Licence at a total cost of \$285. Of the five companies, only Econet Wireless Nigeria Limited (now Airtel), Communication Investments Limited (Globacom) and MTN Nigeria Communication Limited's bids, were successful.³⁷

Need For Regulation

The above discussion clearly reveals developments in the telecom market in Nigeria which to a large extent is a microcosm of what obtains in the international community. Telecommunication services have been described as an essential public service which requires huge capital investment.³⁸More often than not, governments serve as trail blazers in their countries by first providing some Telecommunication infrastructure.

²⁹ Alabi, G.A. "Telecommunications in Nigeria", being a paper presented at the in March 1996 at the University of Pennsylvania – Centre for African Studies, p.13.

³⁰ NITEL was saddled with the responsibility of managing both internal and external networks.

³¹ Hassan, A.O., "Telecommunications Reform and Effects of Competition on Availability, Quality and Cost of Services in Nigeria", Public Policy and Administration Research, Vol 1, No.3, 2011, p.8. http://www.iiste.org.

³² National Policy on Telecommunications, Op.cit.

³³ Abayomi, A.S., GSM Marketing Service Providers Operations and Customers Satisfaction in Nigeria: An Empirical Investigation, AUDOE, Vol. 7, No.3, pp.77-103, p.77.

³⁴ Otubu, A., "The Regulator and the Regulated: An Examination of the Legal Framework for Telecommunication in Nigeria."

³⁵ Abavomi, Op.cit. p.78

³⁶ Econet Wireless Nigeria Limited, Chrited Networks Mobile Limited, MSI-Celtel Nigeria Limited, Communication Investments Limited and MTN Nigeria Communication Limited were the five companies that bided for the Digital Mobile License. Ibid.

³⁷ Ibid.

³⁸ Invent, Op.cit.at note 1 supra.

It presupposes therefore that the government operates a monopolistic market in which regulation is more or less absent because the government is both operator and regulator.³⁹ Then again, public monopolies transform to private monopolies by creating regulators who "oversee the sector and ensure that the private operator knows and can comply with the 'rules' of the game".⁴⁰ Thirdly, the market is liberalised / privatised by reforming the process and requirements for licensing by allowing the entry of new operators, service provider and services into the market.⁴¹

At stage, regulation becomes imperative due to the influx of private operators who are out to make profit and not to provide a public service. The last decades of the 20th century are a threshold in global telecommunications. The period witnessed major reforms in the industry in many countries as several states –owned by telecommunications operators we retransferred to private hands through a process of deregulation and market based approaches to the provision of Telecommunications services.⁴² The reasons advanced for the wave of deregulation include the fact that there is increased evidence that liberalised markets were growing better and serving customers better; the need to attract foreign direct investment to expand/upgrade networks; increased data traffic through the internet/evolution of new services; growth of mobile services over fixed networks and lastly involvement of transitional service providers in provision of telecom services worldwide. ⁴³ With the increased deregulation/privatisation of the sector, there was a concomitant increase in the number of national regulatory bodies in the 1990s from 12 to over 90 around the world'.⁴⁴

From the above, it could be gleaned therefore that regulation of a privatised or deregulated telecommunication sector is made imperative because of the need to ensure that customers get efficacious service, provision of modern, universal, efficient, reliable, affordable and easily accessible communications services and the widest range; the need to improve competitiveness and prevent anti-competitive practices in the sector; the need to admit new entrants into the sector and ensure interconnectivity between the existing operators and the new entrants, the need to have upgraded, standard and advanced services in the sector. Other reasons include the need to ensure fair distribution of scarce national resources⁴⁵, streamlining deadlines for exclusivity in the market, ensuring interconnection, providing a regime for granting access to network facilities and importantly too, protection of national interest and security. The need for regulation is made clear bisection I of Nigerian Communication act which contains the objective of the Act.

The Nigerian Communication Commission

The Nigerian communication commission is the sole independent body saddled with the responsibility of regulating the conduct of all players within the telecommunication sector in Nigeria. The evolution of telecommunication in Nigeria which led to the establishment of the Commission by the then **Decree 75 of 1992** and its subsequent repeal by the **Nigerian Communication Act, 2003**.

Pursuant to **section 3**of the Act, the Commission is a body corporate with perpetual succession and a common seal, capable of suing and being sued in its corporate name.⁴⁶It has the capacity to enter into contracts and incur obligations, acquire, hold, mortgage, purchase and deal however in property be in movable or immovable, real or personal. It may also do all such things as are necessary for or incidental to the carrying out of its functions and duties under this Acts.⁴⁷ The capacity given the Commission by the Act is very apt because it is an established principle of law that only "person" natural or artificial, who can acquire rights and incur tangential obligation and be recognised by the law as capable of asserting those right or discharging those obligation

³⁹ Blackman, C. & Srivastava, L. Op.cit. p.9. In Nigeria, since 1886 the government exclusively provided telecom services through the Department of Post and Telecommunications and the Nigerian External Telecommunications (NET) Limited and subsequently NITEL. See note 21 supra.

⁴⁰ Blackman, C. & Srivastava, L. Op.cit.

⁴¹ Ibid.

⁴² Invent, Op. cit. p.1-1.

⁴³ Ibid.

⁴⁴ Invent, Op.cit. p.1.

⁴⁵ Such as frequency spectrum, National Numbers, Right of way, etc.

⁴⁶ Section 3(2) Nigerian Communications Act, 2003.

⁴⁷ Section 3(2) (c).

Regulation/Supervisory Power

The word "regulation "has been defined as controlling something by means of rules.⁴⁸ The primary object of the Nigerian communication Act 2003 is the provision of a regulatory framework for the telecommunications industry in Nigeria.⁴⁹ The Commission is vested powers to see to the actualisation of all objectives of the Act and to give full effect to all its provision.⁵⁰ Hence, the Commission control the communications industry using rules provided in the Act. Its subsidiary legislations and license conditions.

Prevention of Substantial Lessening of Competition

Competition is its ordinary usage means a contest in which people try to do better than their rivals.⁵¹ It is the backbone of deregulated market-based economies and where such exists; multiple operators are engaged in a constant race to woo customers to their fold by offering lower prices, more or better qualities, and packages or qualities of service which markets, individual service providers lack "market power".⁵² They cannot dictate market terms but respond to rivalry of their competitors in order to stay in business.⁵³

The Commission is empowered to determine, pronounce upon, administer, monitor and enforce all competition laws and regulations relating to the telecommunication market.⁵⁴ The Act expressly prohibits licenses from engaging in any conduct which as the purpose of substantially lessening competition in any part of the telecommunication market in Nigeria. It is pertinent to note that, as it is the case in most amounts to "substantial lessening of competition" and make appropriate regulations.⁵⁵The Commission therefore is heavily involved in ensuring that effective competition is fostered in the Nigerian Telecommunication Sector. Hence the Nigerian market may be described as an imperfect competition where the regulator still plays roles to achieve the objects of effective competition.

Ouasi-Judicial Powers

The vesting of quasi- judicial powers⁵⁶ in the Commission by the Nigerian Communication Act, 2003, is a novel provision. Section 73 of the Act empowers the Commission to resolve disputes between persons who are subject to the Act regarding any matter under the Act are subsidiary legislation. Parties to a dispute are expected to first explore the possibility of resolving the dispute amicably falling which a report in writing could be made to the Commission notifying it and the Commission shall resolve the dispute if either or bother parties request it to intervene.⁵⁷Similar to its guidelines seeing out principles that it may take into account in resolving such disputes.⁵⁸

Quasi-Legislative Power

The Nigerian Communication Act 2003, is replace with provision that empower the Commission to make and publish, rule, regulations, and/or guidelines relating to multifarious subject matter in the Act as the Commission may deem fit. These include the power to make regulations for resolution of disputes, mobile portability, technical standards and quality of service, Universal Services Provision, substantial lessening of competition, national numbering plan, frequency spectrum etc.

⁴⁸ Hornby, A.S. Op.cit. pp.1239-1240.

⁴⁹ S.1. NC Act 2003.

⁵⁰ See the functions of the NCC in Section 4 NC particularly (i) and (t).

⁵¹ Anon. "Competition Law in Nigeria", Being an article uploaded to Ukessays.com 11 2013.

http://www.ukessays.com/essays/competition-law-in-nigeria.php?cref=1> accessed on 23/09/2014. 1:58pm. 52 Market power is defined as the capability to unilaterally set and maintain prices or other key terms and conditions of

sales without reference to the market or the activities of competitors. See Invent & Tetrault, Op.cit at P.5-1.

⁵³ Ibid.

⁵⁴ Ibid. S.90

⁵⁵ S.90 (2).

⁵⁶ Quasi-judicial powers simply put are decision making powers which are similar to those exercised by a Court Judge.

⁵⁷ S.74 (2) NC Act, 2003.

⁵⁸ Ibid S. 75(2).

Power to Impose Sanctions

The Commission is empowered to sanction operators where they fall to meet up with set industry standards, the provision of the Act, its subsidiary legislations and license conditions. The act is replete with provisions that grant powers to the Commission to impose fines and levies as we had noted in our discourse above. We acknowledge that it is very important to arm the Commission with the power to engender better performance in the industry. No doubt, the Commission has not shied away from its responsibility to impose sanctions on operators. Recently, MTN was fined to the tune of 90 million naira due to non compliance with key Performance Indicators (KPIs).⁵⁹ Other operators⁶⁰ were equally fined 53.8 million naira in 2013 for contravening the regulation on the sale of pre-registered SIM cards.⁶¹

Conclusion

NCC has not audited and tested against the objectives of its enabling legislation, we would not be in a position to know if these objects have been particularly in view of the industry statistics which show an explosion in the teledensity in the country which if not painstakingly considered, relevant facts would not be elicited.

In the course of this research, the researcher found out that:

- 1. The Nigerian Communication Act, 2003 established the Nigerian Communication Commission as a sole regulator in the Communication Sector and vests it with a gallery of powers, to enable it achieve the mandate of the Act, which is to promote competition and prevent anti-competitive activities, inject investment into the sector and provide high quality yet cheap and affordable Telecommunications Services throughout Nigeria.
- 2. In spite of the phalanx of power with the Commission is armed, there is still lot that needs to be done in ensuring effective compliance with set standards. In other words, we found out that the level of service delivery is still very poor despite the efforts of the commission at enforcing the provisions of the law.
- 3. The factors militating against effective compliance with high standards in the country; the high cost of doing business in Nigeria due to lack of basic infrastructure such as electricity and good roads dovetail into increased running cost for operators and leading ultimately to increase cost of telecommunication services in the country.
- 4. There have been significant improvements in certain aspects of the industry, particularly the injection of foreign direct investment, improvement in teledensity; increased availability of service (though quality is still low), and reduction in tariff.
- 5. The Act vests the Commission with quasi-judicial, quasi-legislative and executive powers. As such, the Commission has powers to make regulations and guidelines, adjudicate and settle disputes (its decision being final) and enforcement of its own decisions by compelling parties to act in accordance with same.

Against the backdrop of the foregoing suggestions, it is recommended as follows:

- 1. Nigerian Communications Commission should have better trained staff in its enforcement and compliance arm to put it in a right frame to carry out its function of continues monitoring effectively.
- 2. Stiffer penalties should be imposed on erring service providers to serve as a deterrent to others in the future. The operators are multi billionaires who will not feel the impact of paying a hundred thousand naira or a few millions as fines.
- 3. The Commission should use its wide discretionary powers in a manner that is favourable to national and public interest.
- 4. Consumer protection should be given utmost attention. As such, we suggest that compensation of customers with more than what they lost should be encouraged to make the service providers act with better caution.
- 5. An amendment to the provision of Section 147 of the Act, to bring it in conformity with the provision of the 1999 Constitution (as Amended). Interception on the ground of public interest should only be applied if a Court of competent jurisdiction sanctions it. Hence, we propose that a subsection 2 be added to section 147 thus:

"(2) Provided that the communication of customers **shall** not be lawfully intercepted **save in pursuit of national security, or public safety** upon the leave of the Federal High Court duly sought and obtained".

⁵⁹ The fine was imposed on 23rd March, 2013. http://pmnewa.mobi/output.php?id=7495, accessed 29/05/2013.

⁶⁰ The operators include Etisalat, MTN, Airtel, and GLO. Ibid.

⁶¹ The fine was imposed on 9th May, 2013. http://www.ncc.gov.ng, accessed on 29th May, 2013.