

Question 12-1/1: Tariff policies, tariff models and methods of determining the cost of national telecommunication services, including spectrum aspects

1 Statement of the problem or situation

The level and structure of telecommunication tariffs have an important role to play in at least creating internally generated funds which in most cases are ploughed back towards the development programme and also used in meeting recurrent expenditure requirements of telecommunication entities. The tariffs can also promote efficient use of the network and services, enhance universal service provision and generate multiplier effects in the rest of the economy as telecommunications is both a traded service and facilitator of economic development. The role of tariffs would be enhanced by various countries putting into place appropriate and suitable telecommunication tariffs.

The trends and development in the telecommunication environment have important repercussions for telecommunication tariffs. In fact, the gradual opening up to competition of the telecommunication sector and the development of new services oblige incumbent operators to develop tariff policies which take greater account of the actual costs of providing telecommunication services at both the national and international levels.

The pressure for efficient and cost-orientated tariffing has become a prerequisite for enhancing the role of telecommunication tariffs on a sustainable basis.

Most developing countries lack adequate experience and skills in formulating efficient and cost-orientated tariffing to enable them to benefit fully from telecommunication tariff policies, strategies and practices.

Developing countries need assistance in formulating efficient and cost-orientated tariff levels and structure for terrestrial-, space- and submarine-based telecommunication services including accounting and settlement rates, transit fees and interconnection charges.

They will need methods and tools for determining and calculating costs, in the context of the stage-by-stage implementation of analytical accounting systems similar to those developed by operators in the industrialized countries.

The use of these tools should be supplemented by an analysis of tariff models in order to assess the conditions in which implementation of a tariff restructuring and rebalancing policy might be both desirable and feasible

2 Question or issue proposed for study

Having regard to the first outputs from the 1998-2002 study period and to the work of ITU-T Study Group 3 and its Regional Tariff Groups, the study group should:

- 1) Consider the general evolution of tariff structures for the different services in countries which have implemented a policy for rebalancing their telecommunication tariffs.
- 2) Add to the database on costs and tariffs in developed and developing countries on the basis of replies to the annual questionnaire on costs and tariffs.
- 3) Keep up to date the principal methods of determining and calculating the costs of telecommunication services, taking into account work carried out by the ITU-T SG 3, ITU Regional Tariff Groups and by ITU-D.
- 4) Continue collating costing and tariffing models for applying cost-orientated telecommunication tariffs in developing countries, taking into account the evolution of the regulatory framework and certain economic, financial and social constraints, and for ensuring the provision of access to universal service taking into account specific problems of underserved communities.
- 5) Gather information on the necessary policies and regulations required for ensuring cost-orientated tariffs for the different telecommunication services.

3 Expected output

Taking account of the outputs from the first study period, the expected outputs are as follows:

- 1) A document on the policies and regulations required for cost-orientated tariffs.
- 2) Guidelines and recommendations for the application of cost-orientated tariffs.
- 3) A document comparing the different tariffing and costing models that exist for formulating cost-orientated telecommunication tariff levels and structure.

4 Required timing of the expected output

Report with recommendations will be submitted on a yearly basis. The guidelines will be prepared mid 2004.

5 Proposers/sponsors of the question or issue

This Question was proposed by the Rapporteur Group for Question 12/1.

6 Sources of inputs required in carrying out the study

- Member States.
- Sector Members.
- Regional organizations.
- ITU Sectors.

7 Target audience for the output

	Developed countries	Developing countries	LDCs
Telecom policy makers	*	*	*
Telecom regulators	*	*	*
Service providers (operators)	*	*	*
Manufacturers	*	*	*

The output will be particularly useful for service providers, telecom regulators and telecom policy makers.

The implementation of the results should be through a number of channels including information dissemination, seminars, workshops, conferences, etc.

8 Proposed method of handling this Question

Within a **study group**.

9 Liaison and coordination

To secure the required coordination, there should be close liaison with ITU-T Study Group 3 and its regional tariff groups, as well as with Resolution 9 (Participation of countries, particularly developing countries, in

spectrum management), with ITU-R Study Group 1 and other international or regional organizations concerned with the study of problems relating to tariffs for telecommunication services.
