

## **Question 12-2/1: Tariff policies, tariff models and methods of determining the costs of services on national telecommunication networks, including next-generation networks**

### **1 Statement of the situation**

At the commercial level at least, the world of telecommunications is experiencing a major upheaval due to the transformation of networks and increasingly intense competition in developed countries.

Although, in most developed countries, telecommunication networks have already been built and are meeting users' needs, this is not the case in developing countries where networks are still being put in place. Capital investment in building these networks has not yet been amortized, and these traditional networks are going to have to be migrated to next-generation networks (NGNs).

This migration to next-generation networks will require substantial capital investment, and resources and strategies will have to be found to hold this investment to a minimum and make existing networks more productive. In addition, with next-generation networks, new services are emerging which will, in the years to come, take the place of traditional voice service.

Competition in developed countries and the unbundling of the local loop have brought about a substantial change in the telecommunication services on offer. Indeed, it is not uncommon to find offers of broadband Internet access in combination with various other supplementary services (voice, video, etc.). This means simply that voice has become an add-on service. This state of affairs would certainly pose problems for operators in developing countries, since voice represents a significant portion of their turnover and the conditions for rapid development of data communication are far from being met (adoption rate, purchasing power, illiteracy, etc.).

### **2 Question for study**

On the basis of the results from ITU-T Study Group 3 and in collaboration with other groups specializing in NGNs, the Rapporteur Group should:

- 1) study the business-plan models used in developed countries, and adapt them to conditions in developing countries;
- 2) pursue all work on cost models and continue work on the regulation of dominance undertaken during the period 2002-2006;
- 3) study the financial and tariff implications of site sharing for terrestrial mobile services;
- 4) study the economics of NGN investment projects of telecommunication operators;
- 5) study the cost models used in setting tariffs for new services offered on NGNs.

### **3 Expected output**

The results obtained from study of the issue should enable operators in developing countries to migrate their traditional networks to next-generation networks, and to offer new services on those networks without putting their financial stability at risk.

With this in mind, the following are to be produced:

- 1) a business strategy document for making the transition from existing service offerings in developing countries to service offerings that combine voice and data, together with a business plan to assure the stability of operators' current revenues in developing countries;
- 2) a set of guidelines for promoting growth in data communications in developing countries.

## 4 Timing

An interim report should be available at the end of the second year of the study period. A final report making recommendations and proposing an action plan should be submitted at the end of the third year of the study period. The action plan should be implemented in the last year of the study period.

A final report comprising the recommendations, the action plan and the outcome of the action plan should be submitted at the end of the study period.

## 5 Proposers

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

## 6 Sources of input

- Member States;
- Sector Members;
- regional organizations;
- ITU Sectors;
- focal points in BDT.

## 7 Target audience

| Target audience                 | Developed countries | Developing countries | Least developed countries (LDCs) |
|---------------------------------|---------------------|----------------------|----------------------------------|
| Telecommunication policy-makers | Yes                 | Yes                  | Yes                              |
| Telecommunication regulators    | Yes                 | Yes                  | Yes                              |
| Service providers/operators     | Yes                 | Yes                  | Yes                              |
| Builders                        | Yes                 | Yes                  | Yes                              |

### a) Target audience

The results of the study will be particularly useful for service providers in developing countries and LDCs, telecommunication regulators and telecommunication policy-makers.

Use should be made of the outputs by various means: dissemination of the information, holding of colloquiums, seminars, workshops, conferences and so on.

### b) Proposed methods for the implementation of the results

It is proposed that a workshop be organized to bring the members of the working group and Study Group 1 up to date on information and know-how in regard to national tariff policies relating to NGNs.

## 8 Proposed methods of handling the Question

Within Study Group 1.

## 9 Coordination

To assure the necessary coordination, there should be close cooperation with ITU-T Study Group 3 and its regional tariff groups, ITU-D Study Group 2 and other international and regional

organizations concerned with issues relating to tariffs for telecommunication services and tariff strategies for migration from conventional to new-generation networks.

## **10 Other relevant information**

Any other information that may become available during the period of validity of this Question.

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