

RECOMMENDATION ITU-D 15

Models and methods to determine the cost of national telecommunication services

(January, 2002)

Question 12/1: *Tariff policies, tariff models and methods of determining the cost of national telecommunication services*

The ITU Telecommunication Development Bureau (ITU-D),

recognizing

- a) that the level and structure of telecommunication tariffs have an important role to play in creating the internally generated funds needed by telecommunication operators, which in most cases serve to finance telecommunication entities' development programmes and are also used in meeting their recurrent expenditure requirements;
- b) that the establishment of a balanced and attractive telecommunication tariff structure can promote efficient use of the network and services, enhance universal service provision and have a positive effect on the development of other sectors of the economy,

noting

- a) that many developing countries lack adequate experience and skills in formulating cost-orientated tariffs to enable them to benefit fully from telecommunication tariff policies, strategies and practices;
- b) that these countries need assistance in obtaining tools for determining and calculating costs in the context of the implementation of cost-orientated tariff structures and levels,

recommends

- 1 that, in establishing of their legal and regulatory frameworks, public authorities and administrations should:
 - a) focus on methods for determining and calculating cost-orientated tariffs for telecommunication services, including interconnection charges;

- b) take the necessary measures to ensure that they are provided with the appropriate tools for determining the costs of telecommunication services;
- c) provide for appropriate training of staff responsible for the tariff structure on the various models and approaches existing worldwide, including in particular the regional tariff models relating to national costs,

2 that the following general principles identified by ITU-T Study Group 3 be implemented in determining and calculating costs:

- a) transparency,
- b) practicability,
- c) objectivity,
- d) cost causality,
- e) cost recovery,

3 that ITU-D, and the Director of BDT in particular, pursuant to WTDC-98 Resolution 12, give support to administrations in the implementation of cost-orientated tariff structures.