

RECOMMENDATION ITU-D 16

Tariff rebalancing and cost-oriented tariffs

(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 play an important role for telecommunication operators in the financing of their development programmes and meeting their recurrent expenditure requirements;
- b) that the establishment of a balanced and attractive telecommunication tariff structure can promote use of the network and the operation of 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 their legal and regulatory frameworks, public authorities and administrations should take into consideration, where necessary, the impact of high inflation,
- 2 that public authorities:
 - a) gradually rebalance tariffs so as to move to cost-orientated tariffs;

- b) adopt time-limited safeguards to ensure that losses of income due to the lowering of tariffs for certain services and/or in certain areas are not offset by price increases for other services and/or in other areas (peripheral, rural, ...);
 - c) move towards rebalancing of traffic and judges its consequences on the affordability of telecom services, which need to be linked to appropriate measures that regulators and policy makers may derive,
- 3 that public authorities ensure:
- a) that tariffs for access to and use of the fixed public telephone network are independent of the type of application which the operators and users implement, except to the extent that they require different services or facilities;
 - b) that the tariffs for facilities additional to the provision of connection to the fixed public telephone network and fixed public telephone services are sufficiently unbundled so that the user is not required to pay for facilities which are not necessary for the service requested;
 - c) that, in cases where different tariffs exist, in particular to take account of high traffic load during peak hours and low traffic load at quiet times, the differences are commercially justified,
- 4 that ITU-D, and the Director of BDT in particular, pursuant to WTDC-98 Resolution 12, should give support to administrations in the implementation of cost-orientated tariff structures, *inter alia* by conducting case studies, making the questionnaire an annual one and updating the database.