Universal service in telecommunications: assessment criteria for national schemes for the costing and financing

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OBJECTIVE: the communication seeks to inform the Member States on the criteria which the Commission will use in assessing under Community law provisions relating to the costing and financing of universal service within national schemes for universal service. SUBSTANCE: universal service is the guarantee that every citizen, independent of their place of residence or standard of living, has access to essential services at an affordable price. For telecommunications the Commission indicated that that defined service comprises 'the provision of voice telephony service via a fixed connection which will also allow a fax and a modem to operate, as well as the provision of operator assistance, emergency and directory enquiry services (including the provision of subscriber directories) and the provision of public payphones. In addition 'users should have access to published information about the cost, prices and quality of services'. With regard to the financing of the universal service, the document points out that the national regulatory authorities can choose between the following three options: - universal financing is not required, because universal service obligations do not result in a net cost or the net cost established does not represent an unfair burden for the operator concerned; - universal service obligations do represent a burden, but the State chooses to finance it directly or indirectly; - universal service obligations are considered a burden and a specific universal service financing scheme is required, In such a case the national schemes must be in accordance with Community law and the Commission must assess them. To this end the Commission indicates that it will examine the following aspects: 1) national schemes may cover only the net cost of universal service obligations as defined in Community law (i.e. the costs associated with the provision of the public fixed telephone networks and publicly available fixed telephone service). The calculation should take account of both costs and revenues; 2) national schemes must ensure that the net cost of universal service is calculated according to objective, transparent, non-discriminatory and proportional criteria and procedures; 3) national schemes must ensure that an operator claiming universal service financing clearly identify (for example by way of a formal declaration), which customers or groups of customers it formally refuses to service or it intends to disconnect, unless the burden associated with offering service to them is shared via a national scheme; 4) national schemes may not be used to recover net costs which are not attributable to universal service obligations (e.g. maintenance of public security, supplies to schools, hospitals or similar establishments, refunds to users because of failure to meet quality levels, normal network modernization); 5) the Commission will also examine: - whether the specific mechanisms created to fund universal service are objective, non-discriminatory, transparent and proportionate; - which bodies (clearly identified by the national schemes) are required to contribute to the costs associated with universal service obligations; - the method chosen to identify and apportion the contributions to the net cost of universal service amongst market players; - the mechanisms for payments out of national schemes.