



package, although such services have been made available in the market place.

Pricing

Prices for universal services will be geographically averaged. Australia's Telecommunications Act does not require geographic averaging. However, it provides for a mechanism whereby the price caps applying to Telstra will be adjusted to ensure that price falls are not restricted to highly competitive areas.

Funding

The mechanism for ensuring universal service in the UK is conditions on the licences of the two universal service providers.

OFTEL says the concept of universal service 'recognises that telecommunications links are now such an important part of all our lives that everyone should have reasonable and affordable access to them. It also recognises that getting more people onto the telecommunications network increases the value of that network for everyone...'

OFTEL earlier came to the controversial conclusion 'that the case that BT bore an undue financial burden as a result of its universal service obligation was not proven'. It argued that there were considerable benefits attaching to the 'burden' of providing universal service, particularly the visibility of the provider's services. Costs were calculated at £40-80; no figure was put against the benefits, but they were regarded as 'comparable with the estimated costs'.

In response, BT claimed OFTEL had grossly overestimated the ben-

efits of being the universal service provider. It said the estimates of benefits were much less reliable than those of the costs.

OFTEL accepted that its estimates 'could be further refined', but was not persuaded to alter its conclusion, although it will review the costings in the 1999 review. This may be particularly relevant if the level of basic service is increased. BT believes there is no value in further investigation of the costs and benefits, and has indicated it is unwilling to co-operate further in their analysis.

Since OFTEL concluded that there is no net cost to BT in providing universal service, it decided not to set up a universal service funding mechanism.

In Australia, the cost of universal service provided by Telstra in 1995/96 was estimated at \$246.6 million.

Policy

OFTEL says the concept of universal service 'recognises that telecommunications links are now such an important part of all our lives that everyone should have reasonable and affordable access to them. It also recognises that getting more people onto the telecommunications network increases the value of that network for everyone...'. It sees universal service 'not...as a means for rolling out new technologies, but as a means of ensuring that services which the market has provided to most people and which have become essential become generally available to everyone'. The level of universal service 'should be guided by the penetration rates of existing services'.

Jock Given

¹ OFTEL (1997) 'Universal Telecommunications Services', Statement by the Director General of Telecommunications, OFTEL, London, (July) - <http://www.oftel.gov.uk>

013 stays free... for now

Communications Minister Richard Alston has rejected Telstra's proposal to introduce a charge for directory assistance services.

As reported in last month's *CU*, Telstra had proposed a 50 cents charge for calls made to the 013 service. It claimed misuse of the service by people failing to use the White Pages was becoming an increasing problem. The annual cost of the service was growing by 25% each year.

Because the 'price' of this service is subject to Ministerial notification and disallowance under the Telstra Act, Telstra needed the Minister's approval to introduce the charge. The Minister, in turn, sought advice from the ACCC.

The Coalition's *Better Communications* policy statement for the last election committed the new government to maintaining free access to directory assistance. It was this commitment which the Minister said was decisive.

Telstra announced that it was 'disappointed' with the decision but would 'reassess the best way to deliver directory assistance', to cope with the 8.5 million calls which currently 'swamped' Telstra each week. The Australian Democrats' Lyn Allison welcomed the decision but warned that once the current Ministerial notification and disallowance arrangements lapsed at the end of 1998, Telstra would be free to introduce the charge anyway. She claimed the government had 'refused to issue any guarantees on keeping the service free' beyond this point.

Jock Given