

Universal Service: then and now. Regulatory Implications

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What is universal service?

- UK/EU = telephone service
- Expenditure UK: Wellenius estimates 1995-2004.
 - 0.2/0.3% total telecoms revenue
 - US =5.0%; Australia = 2.0%; France= 3.0%

Barriers to universal service

1980s

- infrastructure/red lining
- connection fee/discretionary
- rental
- call charges
- cut-offs/reconnection fee

Penetration: low income households 2001-2

- telephone: 81% lowest decile (94% overall)
- internet: 10% lowest decile (82% highest)
- mobile phones: 34% lowest decile

Barriers:2004

- 8% households no bank account/no access to resellers
- debt: CAB reports up 47%
- 3m households = single pensioner women
- 2m people = permanently sick and disabled
 - cutoffs/reconnection fee/customer service: 1m cutoffs 2003
 - lack of choice: BT higher than 70%?

Regulatory implications

- Competition not enough - continue regulation of BT rebalancing
 - will provide incentive to cheaper infrastructure.
- investigate/ regulate customer service/cutoffs
 - previous policy: incoming calls only
- rethink USOs/ Universal Service Fund/new competitors
 - Low usage policy/30% non-target group
 - Lifeline policy? Internet policy?