

Universal service for next generation networks: Alternative funding mechanisms and public-private partnerships

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The existing European universal service legislation derives from the liberalisation of telecommunications in Europe in the 1990s. There was a concern that a liberalised market could result in under-served markets segments, if such segments were not sufficiently profitable. Obligations regarding minimum service levels were, therefore, put on (incumbent) operators. This was, in a sense, a backward looking policy. The purpose was to secure (and extend) what had already been achieved under monopoly.

Present day universal service discussions are much more centred on the future – building new broadband access infrastructures. The policy measures are also different. While the former policy focus was on securing the rights of all inhabitants to have access to a minimum level of services of equal quality and at equal prices by imposing obligations on operators, the present discussion focuses on policies and investment measures to build new broadband resources. It's analogous to the difference between policies to protect sun-set industries as opposed to supporting sun-rise industries.

The policy measures range from awareness raising and regulatory provisions to economic support of different kinds to the demand or supply side. More specifically, it can be the building of public research & education networks, unbundling of broadband access, tax incentives for broadband take-up, and financial support for setting up broadband access infrastructures. Mostly, however, this is not conceptualised as universal service policies. The universal service concept is still reserved for the traditional imposition of obligations on operators. Nevertheless, we are dealing with different kinds of universal services policies – or at policy initiatives to broaden access to broadband.

In this connection and in connection with information society policies more generally speaking, public private partnership (PPP) is increasingly seen as one of the possible policy options. If operator investments in broadband infrastructures are seen as insufficient and do not cover less profitable areas, public investment money is a possibility and so are other public initiatives to support broadband extension and diffusion. While PPP discussions often deals with private companies taking over activities, the discussion on PPP in communication infrastructures is concerned with public initiatives in a liberalised market.

An important aspect of the discussion on universal service in the new network environment of today and in the coming years is centred on the development of next generation networks (NGN), including next generation access networks (NGAN). The reason is that the NGN concept facilitates the separation between infrastructure resources and service provision. With respect to regulation there is also an increasing discussion on spitting infrastructure and service provision, e.g. the European discussion on functional versus structural separation.

A separation of infrastructure and services provides a new basis for a discussion on whether infrastructure provision should be delivered by a unitary company, private and/or public. This is a new perspective on the question of universal service. A unitary infrastructure company will be likely to be imposed with the obligation to provide equal access possibilities to all inhabitants.