

UNIVERSAL SERVICE OBLIGATION FOR BROADBAND INTERNET

Universal service obligation denotes the requirement to provide certain services to the total population, irrespective of profitability aspects. Candidates for universal service obligations are mainly water and electricity utilities as well as telephony carriers. While the network infrastructures for the provision of these services are often rolled-out by state monopolies that are not required to maximize profits, the network infrastructure for broadband Internet is largely built by profit-oriented firms in a liberalized market. Therefore, broadband Internet has not been rolled-out to very sparsely populated areas since investment costs exceed potential revenues. To overcome these so called white spots, many countries are discussing the introduction of a universal service obligation for broadband Internet access.

In the various national debates on universal service obligations, several arguments for and against such a regulation have been brought forward. Proponents of a universal service obligation for broadband Internet often stress that this would be a way to overcome the digital divide and to give parts of the population that are not adequately served under a market solution the chance to participate in social, political and cultural processes. It is further argued that broadband Internet fosters economic and social development and that these potential gains could be realized through a universal service obligation. Opponents of a universal service obligation, however, argue that such a regulation would distort market mechanisms and cause a lack of local competition. They stress that other means to promote the roll-out of broadband infrastructure, like public-private partnerships, EU structural funds and state aid, already exist. Furthermore, they fear that companies, local authorities and other entities currently engaged in rural infrastructure projects might abandon those projects if a universal service obligation is implemented (Bohlin and Teppayayon 2010).

In 2008, during its regular three-year review process, the European Commission discussed adding broadband Internet access to the existing universal service obligations. However, the Commission decided to retain the current definition of universal service for its member countries and not extend it to broadband Internet access.

Up to now Switzerland, Finland and Spain are the only countries that have introduced a universal service obligation for Internet access. Whereas in Switzerland the regulation dates back to early 2008 and requires a 600Kb/s Internet access for every citizen, in Finland the obligation was introduced in July 2010 and guarantees a broadband access with at least 1 Mb/s. In May 2011, Spain also made broadband Internet access of at least 1 Mb/s a right for every Spanish citizen. In Australia, the government founded a company that will roll-out a new high-speed broadband network to ensure open broadband Internet access across the country (Table).

Other countries have envisaged similar policies and are planning to introduce universal service obligations. France aims at guaranteeing Internet access with at least 512 Kb/s to every citizen by 2012; the United Kingdom plans access with 2 Mb/s by 2012 and Canada with 5 Mb/s by 2015. The United States, in contrast, has not announced a numerical goal yet; however, a debate about a universal service obligation is ongoing. In Germany, the introduction of a universal service obligation for broadband internet is also being considered. The parliamentary group of the governing parties CDU and CSU has proposed the introduction of a universal service obligation for Internet access with 16 Mb/s by January 2012 and with 50 Mb/s by January 2016. Their coalition partner, the liberal FDP, opposes the introduction of a universal service obligation solution favoring a market solution. All three opposition parties support the introduction of a universal service obligation for broadband Internet.

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Reference

Bohlin, E. and O. Teppayayon (2010), "Broadband Universal Service in Europe: A Review of Policy Consultations 2005-2010", *Communications and Strategies* 80(4), 21-37.

Table

Universal Service Obligation (USO) for broadband internet

Country	Current situation
Australia	The Australian government plans to establish a new high-speed National Broadband Network. To that end the Australian Government has set up a company, NBN Co Ltd, that will roll-out the network and ensure open broadband access across the country.
Canada	The Canadian Radio-television and Telecommunications Commission (CRTC) has stated that the deployment of broadband should rely on market forces and targeted government funding. Nevertheless, the CRTC has proposed "universal target speeds", i.e. connection speeds for broadband access that must be offered by suppliers for the whole country.
Denmark	The High Speed Committee, which was appointed by the Ministry of Science, Technology and Innovation, has stated that the development of broadband infrastructure should be market-driven and technology-neutral. Further, the committee recommends the least possible public regulation of the market.
European Union	Universal service is defined as a minimum set of communication services that are available to all end-users in the member states independently of geographical location. Those services include among other fixed-line access to make local, national and international telephone calls, fax communications and data communications. In the 2008 review of the scope of universal service, the European Commission concluded that the current requirements for the inclusion into universal services do not encompass broadband Internet.
Finland	In July 2010, Finland passed a law making broadband access a legal right for its population. Broadband access of at least 1 Mb/s is guaranteed to every Finn by the introduction of the USO. The regulation authority FICORA has chosen 27 "universal service operators" and proposed EUR 30 to 40 as a "reasonable monthly fee" for the guaranteed subscription.
France	The Law of 17 December 2009 on efforts to bridge the digital divide aims at promoting broadband and ultra-fast broadband access for all. It proposes regional guidelines for the roll-out of broadband networks and cooperations between stakeholders in the roll-out process of broadband networks.
Germany	A discussion on the introduction of a USO for broadband Internet is in course. The coalition parties disagree on the matter. While the conservative parties CDU and CSU advocate a USO with 16Mb/s, their liberal partner FDP opposes the introduction of a USO and promotes a market solution. All opposition parties advocate a USO for broadband Internet.
Italy	As of May 2011, Italy does not plan to include broadband within the scope of universal services.
Spain	With the Law on Sustainable Economy, Spain included Internet access with 1 Mbp/s within the scope of universal service.
Sweden	The Swedish Post and Telecom Agency has a budget for public procurement of telephone lines in areas that are not served by private operators. It is planned to include internet access with 1 Mb/s in the public procurement process by the end of 2011.
Switzerland	In 2008, Switzerland included Internet access in its USO. It requires minimum speeds of 600 Kb/s (download) and 100 Kb/s (upload) at a maximum of CHF 69.
United Kingdom	In the UK, the universal service commitment does not encompass broadband Internet. The Ministry of Communications has formulated the goal of broadband access as 2 Mb/s for the whole population by 2012. A universal service commitment is being discussed
United States	In 2009, the American Congress mandated the Federal Communications Commission (FCC) to develop a National Broadband Plan with the goal of providing broadband access to every American. The FCC recommends shifting funds from the existing Universal Service Fund program and creating the Connect America Fund in order to promote affordable broadband access with at least 4 Mb/s download speeds.

Sources: Australian Government – Department of Broadband, Communications and the Digital Economy, National Broadband Network Policy Brochure, 2010. Canadian Radio-television and Telecommunications Commission, Telecom Regulatory Policy CRTC 2011-291, Ottawa, 2011. The High Speed Committee, Denmark as a High-speed Society, Copenhagen, 2010. Communication from the European Commission on the Second Periodic Review of the Scope of Universal Service in Electronic Communications Networks and Services in Accordance with Article 15 of Directive 2002/22/EC, Brussels, 2008. Ficora, 1 Mbit/s Broadband for Everyone on 1 July 2010 – Telecom Operators' New Universal Service obligations enter into force, Press Release, Helsinki, 2010. European Commission, Digital Agenda Scoreboard 2011 for Italy, Brussels 2011. European Commission, Digital Agenda Scoreboard 2011 for Spain, Brussels 2011. European Commission, Digital Agenda Scoreboard 2011 for Sweden, Brussels 2011. Bundesamt für Kommunikation, Technische und administrative Vorschriften betreffend die Dienstqualität der Grundversorgung, Biel, 2007. House of Commons Business, Innovation and Skills Committee Publications, Fourth Report – Broadband, 2010. Federal Communications Commission, The National Broadband Plan, Washington, 2010.