INTERNATIONAL TELECOMMUNICATION UNION

CCITT

THE INTERNATIONAL
TELEGRAPH AND TELEPHONE
CONSULTATIVE COMMITTEE

D.140

(10/92)

GENERAL TARIFF PRINCIPLES

CHARGING AND ACCOUNTING IN INTERNATIONAL TELECOMMUNICATIONS SERVICES

ACCOUNTING RATE PRINCIPLES FOR INTERNATIONAL TELEPHONE SERVICES

Recommendation D.140

FOREWORD

The CCITT (the International Telegraph and Telephone Consultative Committee) is a permanent organ of the International Telecommunication Union (ITU). CCITT is responsible for studying technical, operating and tariff questions and issuing Recommendations on them with a view to standardizing telecommunications on a worldwide basis.

The Plenary Assembly of CCITT which meets every four years, establishes the topics for study and approves Recommendations prepared by its Study Groups. The approval of Recommendations by the members of CCITT between Plenary Assemblies is covered by the procedure laid down in CCITT Resolution No. 2 (Melbourne, 1988).

Recommendation D.140 was prepared by Study Group III and was approved under the Resolution No. 2 procedure on the 1st of October 1992.

CCITT NOTE

In this Recommendation, the expression "Administration" is used for conciseness to indicate both a telecommunication administration and a recognized private operating agency.

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Recommendation D.140

ACCOUNTING RATE PRINCIPLES FOR INTERNATIONAL TELEPHONE SERVICES

(1992)

The CCITT,

bearing in mind

(a) that the International Telecommunication Regulations indicate that Administrations shall by mutual agreement establish and revise accounting rates to be applied between them, taking into account the Recommendations of the CCITT and trends in the cost of providing the telecommunication services;

(b) that the costs incurred in providing telecommunication services, although based on the same components, may have a different impact depending on the country's development status which, in turn, may affect the quality of international services;

(c) that one of the purposes of the ITU, is to foster collaboration among its Members with a view to the establishment of rates at levels as low as possible consistent with an efficient service,

considering

(a) that Administrations should endeavour to lower the provisioning costs of international telephone services;

(b) that Administrations should strive to offer customers high quality international telephone services at the lowest possible prices;

(c) that too great a dissymmetry between the charges applicable in each direction of the same relation may contribute to the distortion of the balance of traffic and encourage the retention of high accounting rates;

(d) that the remuneration for the use of telecommunication facilities made available to Administrations should cover the costs incurred in providing those facilities, such as:

– network costs;

– financial costs;

– overheads;

(e) that costs depend on many factors which vary by country;

(f) that international telephone networks should be used in an efficient way;

(g) that demand for international telephone services should be stimulated;

(h) that some accounting rates have not kept pace with the recent cost trends and are therefore too high;

(i) that accounting rates that are not cost-orientated may encourage inefficient routings;

(j) that the existing accounting procedures contained in the D-Series Recommendations continue to provide Administrations with efficient and flexible processes,

recommends

that the following principles be applied when establishing or revising accounting rates for international telephone services:

1 accounting rates for international telephone services should be cost-orientated and should take into account relevant cost trends;

2 each Administration should apply the above principle to all relations on a non-discriminatory basis;

3 Administrations should seek to achieve cost-orientated accounting rates in an expeditious manner, recognizing that this may need to be implemented on a scheduled basis where the level of reduction required is significant . In the event of scheduling, Administrations should aim to agree staged reductions over a period normally of one to five years. However, the actual length of the period of implementation may depend on the extent of reductions agreed and/or the difference in the development of the countries concerned,

further recommends

4 that Administrations should periodically review accounting rates to ensure that they continue to reflect current cost trends;

5 that information relative to accounting rates for the international automatic telephone service should be made available on a voluntary basis to the Director of CCITT in an aggregated format, in accordance with the guidelines set out in Annex B, to assist CCITT studies into accounting rate movements.

Annex A to this Recommendation contains guidelines for the cost elements to be taken into account when determining international telephone accounting rates (for further study).

Annex B to this Recommendation contains guidelines concerning the provision of information relating to accounting rates for the international automatic telephone service.

Annex C to this Recommendation contains guidelines for bilateral negotiation of cost orientated telephone accounting rates (for further study).

ANNEX A

(to Recommendation D.140)

Guidelines for the cost elements for determining international telephone accounting rates

(For further study)

ANNEX B

Guidelines regarding the provision of information relating to accounting rates for the international automatic telephone service

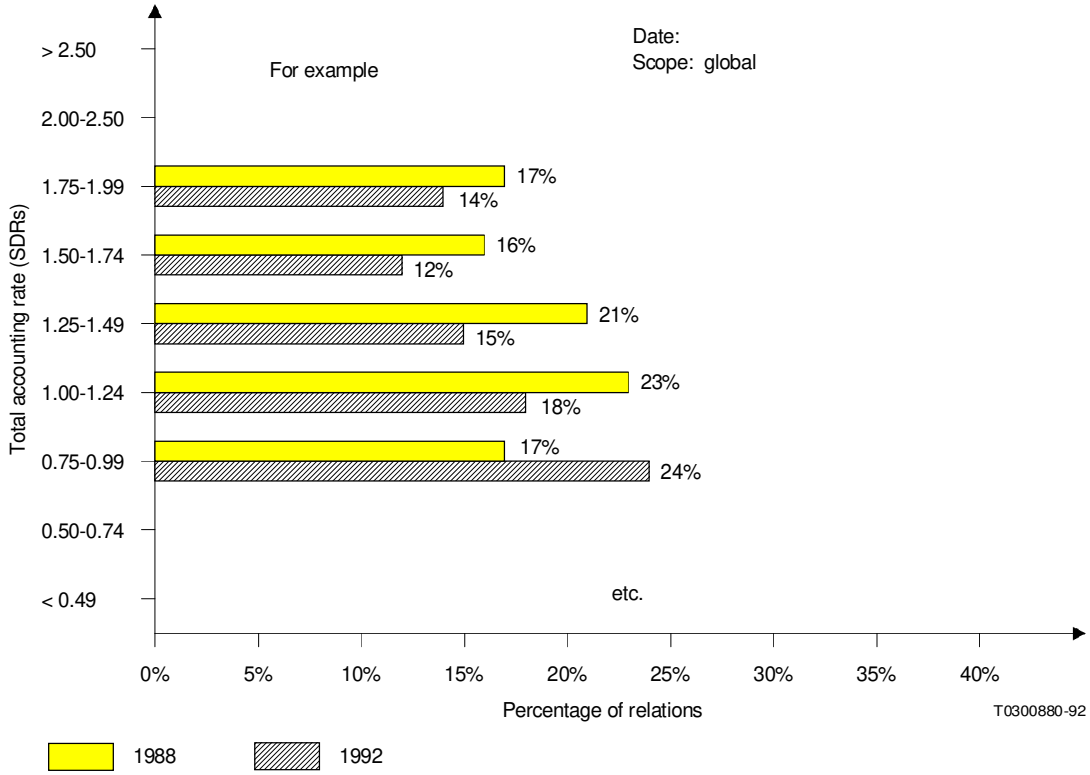
B.1 Information relating to accounting rates for the international automatic telephone accounting rates will be requested from Administrations by means of a circular-letter sent by the CCITT Director.

B.2 Administrations should provide on a voluntary basis the information requested to the CCITT Director in the format in Appendix 1 for the reference dates January 1988 and 1992. The same information will subsequently be requested on an annual basis.

B.3 Alternatively, Administrations could provide the information to the Director of CCITT as an average annual global accounting rate percentage movement on a yearly basis as illustrated in Appendix 2, starting with year 1988.

APPENDIX 1

(to Annex B of Recommendation D.140)



Distribution and movement of automatic telephone accounting rates, January 1988 - January 1992

APPENDIX 2

(to Annex B of Recommendation D.140))

Global accounting rate percentage movement

This information will be shown as an average annual accounting rate percentage movement.

This average percentage movement should be weighted by the traffic destined to each country on a global basis, starting with the year 1988.

Illustration of the formula to be used to calculate the average accounting rate percentage movement (var % t)

Example :

For example if Administration has three relations

$$t = t_1 \times \frac{T_1}{T_t} + t_2 \times \frac{T_2}{T_t} + t_3 \times \frac{T_3}{T_t}$$

$$\text{var } \%\ t = \frac{t_{\text{period 1}} - t_{\text{period 0}}}{t_{\text{period 0}}}$$

where

t	is the weighted average accounting rates;
t_1	is the accounting rates related to T_1 and so on;
T_1	is the outgoing traffic related to Administration 1 and so on;
T_t	is the total outgoing traffic;
var % t	variation percentage.

ANNEX C

(to Recommendation D.140)

Guidelines for bilateral negotiation of cost orientated telephone accounting rates

(For further study)