

OECD Telecommunications Basket definitions

as of June 2000

Revised basket definitions based on:

OECD/Eurodata workshop on Price Performance Indicators, May 1999

Feedback from OECD Member States

Experience with the OECD basket definitions from 1990

Experience with the T-Basket implementation since 1995



Teligen Ltd.

P.O.Box 39, Richmond,

Surrey TW9 1WT, UK

www.teligen.com

20 June 2000

Introduction

1. The original OECD Telecommunications Price baskets were published in 1990, in the ICCP publication “Performance Indicators for Public Telecommunications Operators”.
2. In 1995 Eurodata Foundation began offering a commercial product modelled on the OECD baskets, called T-Basket. This was based on an exclusive agreement with the OECD. From then onwards Eurodata (now Teligen) have been responsible for the data collection and production of the basket results.
3. Since 1990 a series of workshops have been held to test the assumptions underlying the baskets. Most recently, in May 1999 the OECD and Eurodata jointly invited industry and government representatives to a two-day workshop, with the objective of carefully working through the methodology, in order to make any revisions necessary to the baskets.
4. The consensus at the workshop was that the baskets have been, and still are, robust. The basic methodology is still sound, and will not need major alterations. Some of the definitions may need to be modified however, to reflect changes in usage and technology.
5. After the workshop an OECD document was circulated to all OECD Member countries, and comments requested.
6. In May 2000 the comments were discussed in a meeting between OECD and Teligen (formerly Eurodata). Agreement was reached on the changes outlined in this document.

National PSTN basket

7. All results are presented on an annual basis. They are available in US\$ and Purchasing Power Parities.
8. Business basket results exclude VAT. Residential basket results include VAT.
9. The nonrecurring charge is calculated as an average between the charge for a new line installation, and the charge for “same day takeover”, i.e. when there is a direct transfer from the previous to the new customer. Valid for both Business and Residential baskets.

Nonrecurring charge calculation	Weight
New line connection charge	50%
Same day takeover connection charge	50%

10. The nonrecurring charge is depreciated over 5 years. An exception is made for countries where the connection charge has a lifetime value (e.g. Japan, where the connection is a tradable asset). Valid for both Business and Residential baskets.

Nonrecurring charge depreciation	Years
With normal one-off charge	5
Where connection is a tradable asset	20

11. Annual rental for the service is included in the basket. Any additional recurring charges (per year) shall also be included (e.g. charges related to the use of specific calling plans).

12. Where the service (or tariff plan) includes a number of “free” calls or minutes, or any other call-related allowance, the value of this allowance is deducted from the usage. The value of the deducted allowance cannot be higher than the usage. Where the tariff clearly specifies that the allowance is related to specific types of calls (e.g. local, international), the usage in question shall only cover the defined type(s) of calls.

13. The number of calls to fixed line phones (i.e. excluding calls to mobile phones) is defined as:

Number of national fixed line calls	Calls per year
Business basket	3600
Residential basket	1200

14. The national usage will have a weighted distribution over 14 distances. Call charges relevant at each of these distances shall be used.

Km	3	7	12	17	22	27	40	75	110	135	175	250	350	490
Bus	53.0	11.0	7.0	4.0	2.5	3.0	3.5	3.5	2.5	2.0	1.5	1.5	1.0	4.0
Res	60.0	14.0	5.0	3.0	1.5	2.5	2.5	2.5	1.5	1.25	1.0	1.0	0.75	3.5

Bus = Business basket, Res = Residential basket. All weights in percent of total number of fixed line calls.

15. The national usage will have a weighted distribution over six time and day points. Call charges relevant at each of these time and day points shall be used.

Day/Time	We 11:00	We 15:00	We 20:00	We 03:00	Sa 11:00	Su 15:00
Bus	45.4	40.6	7.0	0.8	5.7	0.5
Res	14.3	22.1	31.6	3.0	13.0	16.0

Bus = Business basket, Res = Residential basket. All weights in percent of total number of fixed line calls.

We = Weekdays, Sa = Saturdays, Su = Sundays.

16. National call duration will vary with distance and time of day. The charge for each call shall reflect the actual charge for the duration in question, as defined by the tariff. Call setup and minimum charges shall be included.

Day/time	Weekday daytime			Weekday evenings, nights and weekends		
	3 – 12 km	17 – 40 km	75 – 490 km	3 – 12 km	17 – 40 km	75 – 490 km
Bus	3.5	3.5	3.5	3.5	3.5	3.5
Res	2.5	3.5	3.5	3.5	6.0	7.0

Bus = Business basket, Res = Residential basket. Duration in minutes per call.

17. Calls to mobile phones may be added to the basket. This is optional, and the presentation of the results must clearly state whether such calls are included or not. The number of calls shall be 10% of the number of national fixed line calls, in addition to the fixed line calls.

Calls to mobile phones	Calls per year	Call duration
Business basket	360	2.0
Residential basket	120	2.0

Call duration in minutes per call.

International PSTN basket

18. The international PSTN basket, when used separately, shall reflect the cost of a single call, calculated according to the weighting method described below. No fixed charges are included.
19. All results are available in US\$ and Purchasing Power.
20. Business basket results exclude VAT. Residential basket results include VAT.
21. Call charges for calls to all other OECD Member States shall be used. Peak and off-peak time call charges are used, defined as the highest (most expensive) charge and the lowest (least expensive) charge.
22. Call cost is based on average per minute charge. Call setup charges and/or different charges for first and additional minutes are included.
23. The charges to different destinations are weighted according to the ITU call volume statistics. An average over the latest 5 years of available traffic statistics is used. As there may be gaps in the ITU statistics for certain destinations from some countries, calls on such routes are excluded from the calculation.
24. Call charges are weighted between peak and off-peak:

	Peak time weight	Off-peak time weight
Business basket	75.0 %	25.0 %
Residential basket	25.0 %	75.0 %

25. Call duration differ between peak and off-peak time:

	Peak time	Off-peak time
Business basket	3 minutes	5 minutes
Residential basket	3 minutes	5 minutes

Composite national – international basket

26. This basket is based on a combination of the national and international baskets, as described above. The national basket remains unchanged, and the international basket is scaled using a fixed number of international calls.
27. All results are available in US\$ and Purchasing Power.
28. Business basket results exclude VAT. Residential basket results include VAT.
29. The international portion of the basket shall have a number of calls equal to 6% of the national fixed line calls, in addition to the calls defined in the national portion of the basket.

	International calls per year
Business basket	216
Residential basket	72

National Leased Line basket

30. The national leased line basket shall include the following circuit types, where possible:

- Analogue, equivalent to M1020, for up to 9.6 kb/s data transmission
- 64 kb/s digital
- 2 Mb/s digital
- 34 Mb/s digital

Tariffs for some of these circuit types may not always be available i.e. are not published by the operator.

31. All results are available in US\$ and Purchasing Power Parities.

32. Results exclude VAT.

33. Non-recurring charges (installation) are excluded from the basket. Only annual rental charges are included.

34. The results are shown separately for each circuit type, as the price for a basket of 100 circuits. It is not recommended to present 64 kb/s and/or Analogue basket results together with the results for 2 Mb/s and 34 Mb/s, as these latter would totally dominate the comparison.

35. Where applicable, local tail circuits shall be 2 km long.

36. The circuits are weighted over 6 distances:

Distance	2 km	20 km	50 km	100 km	200 km	500 km
Weight	40 %	15 %	15 %	20 %	5 %	5 %
Local tails	No	Yes	Yes	Yes	Yes	Yes

Circuits above 2 km shall include two 2 km local tail circuits within the defined distance. This means that for example a 50 km circuit will have 2 local tail circuits of 2 km, and a main circuit of 46 km. Some operators include the local tail circuits in the total price, some do not.

37. Circuits are assumed to be within or out of the major city in the country. This means that the 2 km circuit is a local circuit within the major city, and the rest of the distances will have one end in the major city, and the other end outside.

38. Where the distance exceeds the possible distance for a country, the highest available price is used for that distance. This means that even when a circuit length would go beyond the borders of a country, this circuit is included in the basket, using the price of the longest possible circuit.

Mobile basket

39. The Mobile basket will cover GSM / DCS systems.
40. All results available in US\$ and Purchasing Power.
41. Results include VAT.
42. The price of the handset, and handset subsidies, are not taken into account in the basket.
43. Two usage profiles are defined: Business and Personal. Both shall reflect post-paid tariffs available from the incumbent fixed network operator's mobile subsidiary.
44. The number of calls is defined as:

Number of national calls	National	International
Business basket	1200	60
Personal basket	200	2

45. The distribution of calls is defined as:

Number of national calls	Local area	National	To Mobiles
Business basket	70.0 %	20.0 %	10.0 %
Personal basket	70.0 %	20.0 %	10.0 %

46. The national usage will have a weighted distribution over six time and day points. Call charges relevant at each of these time and day points shall be used.

Day/Time	We 11:00	We 15:00	We 20:00	We 03:00	Sa 11:00	Su 15:00
Business	45.4	40.6	7.0	0.8	5.7	0.5
Personal	14.3	22.1	31.6	3.0	13.0	16.0

All weights in percent of total number of calls.

We = Weekdays, Sa = Saturdays, Su = Sundays.

47. Call duration will be 3 minutes for all types of calls. The charge for each call reflects the actual charge for the duration in question, as defined by the tariff. Call setup and minimum charges are included.
48. The fixed charge portion of the basket is made up of the annual rental charge, plus the nonrecurring charge which is depreciated over 3 years.
49. Calls to mobile phones are represented by call charges for calls within the same network.
50. International portion of the basket will follow the basic structure of the International PSTN basket, for business and residential usage. The only difference will be that all calls have a duration of 3 minutes.
51. Where the service (or tariff plan) includes a number of "free" calls or minutes, or any other call-related allowance, the value of this allowance is deducted from the usage. The value of the deducted allowance cannot be higher than the usage. Where the tariff clearly specifies that the allowance is related to specific types of calls (e.g. international), the usage in question shall only cover the defined type(s) of calls.
52. The Personal basket may also be used for comparison of pre-paid tariff packages.

Internet baskets

53. The OECD has developed a set of baskets for Internet usage. The baskets are made up of two parts: The PSTN dial up access, and the Internet access service. The baskets describe the costs experienced by a personal user, with both a peak and an off-peak usage profile.

54. Usage is defined in 3 levels:

Internet usage levels per month	20 hours	30 hours	40 hours
Duration per call/session	1 hour	1 hour	1 hour

Results are given per month.

55. The charges considered can be from any of these categories:

PSTN rental	PSTN rental per year, including any option charges for specific discount packages
PSTN call charge	Call charges at peak (weekdays 11:00) or off-peak hours (weekdays 20:00). Call setup charges are included. Any internet related discount package should be considered.
ISP rental	Annual charge to ISP for access to the Internet service. Service is defined as basic dial up service, with minimum amount of additional facilities.
ISP usage charge	Any additional charge paid to ISP for access to the Internet, normally defined on a per hour basis. The same peak and off-peak times are used, if applicable.

Any combination of these charges is feasible. Non-recurring charges are not included.

56. All results are available in US\$ and Purchasing Power Parities.

57. Results include VAT.