



19th January 2026

Mr. Polume Lume
Acting Chief Executive Officer
NICTA
Punaha ICT Haus, NCD
Papua New Guinea

Dear Mr. Lume,

RE: Release of the Public Consultation into the Service-Specific Pricing Principles for: Wholesale Service Declaration No.1 of 2025, Wholesale Service Declaration No.2 of 2025 & Wholesale Service Declaration No.3 of 2025

Thank you for sharing the Public Consultation Paper referred to in subject and the accompanying letter dated 23rd December 2025. We appreciate the transparency and detail provided in the proposed service-specific pricing principles covered in the three Wholesale Service Declarations covering the five services as follows that were published in the Gazette on 15 December 2025:

1. Wholesales International Dedicated Submarine Cable Capacity Service
2. Internation Submarine Cable Facilities Access Service
3. Wholesale Long-haul Dedicated Capacity Service
4. Wholesale Local Dedicated Capacity Service
5. Wholesale Internet Access Service

Upon review of the Public Consultation Paper shared, our responses to the Questions are as follows:

Q1. Do you agree with NICTA's view that either the cost modelling approach or the benchmarking approach could be consistent with the General Pricing Principles? If so, do you agree with NICTA's preference for using a cost modeling approach? Please explain your answer.

Vodafone PNG agrees with the use of the cost modelling approach, however, insists that the pricing of domestic and international fiber capacity pricing must reduce in 2026. Any cost reduction will pass on to consumers that will drive up adoption of Smart Phones and Internet connectivity. Currently PNG is one of the lowest in the region in Internet Penetration compared to other Developing Nations in the Pacific region.

A reduction in the fiber capacity rates will create significant benefits across the sector, including, but not limited to:

- Lower Internet or Data charges for consumers, allowing more affordable cross-network communication.
- Improved rural and remote connectivity, as lower retail tariffs support inclusion for low-income and previously underserved communities.
- Stimulation of market competition, as operators can redirect savings into network expansion, quality improvements, and innovative digital services.
- Reduced financial pressure on operators, enabling more sustainable capital investments in network upgrades, 4G/5G expansion, and resilience.



- Support for national digital transformation objectives, helping government and industry align on affordability and accessibility targets.

Q2. Do you agree with NICTA's view that either approach, top-down, bottom-up, or hybrid for cost modelling may be used? Please explain your answer.

Vodafone PNG proposes Hybrid approach for cost modelling. This enables better visibility to NICTA on the variables that impact the cost of operations of the access provider network.

Further NICTA is requested to review the current market rate for Wholesale capacity services following the expiry of the current RIO to determine price ceilings for various services. All licensed operators are required to submit the Annual financials to NICTA which covers the line rental costs and the impact it has to their respective business.

Our view is that besides the use of Cost Modelling and existing data on hand, NICTA does consider the impact of Wholesale Service Capacity Costs to licensed operators which in turn gets passed down to consumers. Today the cost of Long-haul Dedicated Capacity Service is almost the same as International Submarine Cable Capacity Service. NICTA to note that there is much more need for Domestic Dedicated Capacity Service that branches out from an ISP or Operators Network to reach the end customers across all the Provinces in Papua New Guinea that have access to the Cable/Fiber Capacity Service.

For the Government's Digital Transformation Program to be effective it is important to make Broadband and Internet accessible and affordable to all people of Papua New Guinea right from the grassroot level. This is only possible if access to Infrastructure is made more affordable.

Q3. Do you agree with NICTA's view that it should use either a LRIC+ or a FAC approach that includes fair and reasonable common and joint costs in its cost model? Please explain your answer.

Vodafone PNG agrees with NICTA's approach.

Q4. Are you in agreement with NICTA's view that the use of current cost accounting (CCA) to value the capital assets used for the supply of the Declared Services would reflect the efficient costs of those assets, and that historical accounting costs would not?

Vodafone PNG agrees with NICTA's approach.

Q5. Do you agree with the proposed approach for valuing assets by either (i) using the cost of replacement with the modern equivalent asset, or (ii) use as the cost of replacement, the economic cost of the depreciated assets in use? Please explain your answer.

Vodafone PNG view is that option ii) approach be used for valuation of assets for replacement.





- Q6. Do you agree that NICTA could use either a Scorched Earth, Scorched Node, or a Modified Scorched Node approach? Please explain your answer.**

Vodafone PNG agrees that NICTA uses Scorched Node or Modified Scorched Node approach to build up the cost model.

- Q7. Do you agree that NICTA should favor using either a Scorched Node approach or a Modified Scorched Node approach if there is sufficient information about the location of the reference operator's nodes?**

Refer to response in Q6.

- Q8. Do you agree with NICTA's view that a cost model for the Declared Services should be based on a notional or hypothetical operator with a market share, network coverage, and facilities, similar or equivalent to that of PNG DataCo Limited, with reasonable adjustments, as needed to reflect efficient costs? Explain your answer.**

Vodafone PNG agrees that NICTA should base the cost model on PNG DataCo Limited as the largest provider of fiber capacity in Papua New Guinea. NICTA needs to consider efficient costs based on existing Infrastructure that is in place. NICTA to also note that most of the PNG DataCo Fiber collocates on PNG Power Infrastructure (posts or pylons) therefore care needs to be taken to account for cost adjustments excluding what PNG Power allocates to maintain their infrastructure.

- Q9. Considering the cost model for the Wholesale International Dedicated Submarine Cable Capacity Service; do you agree with the proposed network components to be include in the hypothetical access provider's cost model along with the proposed services to be modelled?**

Vodafone PNG agrees with the network components and proposed services mentioned in Section 83 & 84 of this Public Consultation paper.

- Q10. Considering the cost model for the International Submarine Cable Facilities Access Service; do you agree with the proposed component and services to be modelled? Please explain your answer.**

Vodafone PNG agrees with the components and proposed facility access services mentioned in Section 85 & 86 of this Public Consultation paper. However, NICTA needs to look at International Best practice of Colocation on Tier 1 Datacentres e.g.) Equinix in Australia. Besides Colocation there will also be Cross Connect to the Gateway for International Circuits or Domestic Circuits. Normally Capacity Services come with Bandwidth and One-off Installation Charge. Consideration needs to be made as to how the One-Off Connectivity charges will be applied for Facilities Access Service.

- Q11. Do you agree with the proposed network components to be include in the hypothetical access provider's cost model along with the proposed services to be modelled?**

Vodafone PNG agrees with the network components and proposed services mentioned in Section 92 & 93 of this Public Consultation paper.



Q12. Do you agree with the proposed network components to be include in the hypothetical access provider's cost model along with the proposed services to be modelled?

Vodafone PNG agrees with the network components and proposed services mentioned in Section 94 & 95 of this Public Consultation paper.

Q13. Do you agree that for the allocation of network related joint and common costs, NICTA should use the capacity-based allocation? Please explain your reasons for why or why not.

Vodafone PNG agrees with the use of Capacity-based allocation for network related joint and common costs.

Q14. Do you agree that for the allocation of overhead common costs, NICTA should use the equal proportionate mark-up (EPMU) approach? Please explain your reasons for why or why not.

Vodafone PNG agrees with the use of Equal proportionate mark-up (EPMU) approach for allocation of overhead common costs.

Q15. Do you agree that NICTA should use the tilted annuity approach to calculate the depreciation of assets? Please explain your reasons for why or why not.

Vodafone PNG agrees with the use of Tilted Annuity approach to calculate depreciation of assets in the cost model for the declared services.

Q16. Do you agree that NICTA should use the approach presented in the SSPPs to calculate the WACC for the access provider's cost model? Please explain your reasons for why or why not.

Vodafone PNG agrees with the approach to calculate WACC as described in Section 15 in Division 1, Part II of the Service Specific Pricing Principles for Service Declared under this Public Consultation.

We request NICTA to consider the impact that the cost of fiber connectivity has on the end customer. To provide greater value to all Papua New Guineans, we look forward to lower, reasonable and viable cost structure versus the current and last determination rates for Fiber Capacity Services.

Sincerely,

Pradeep Lal
Regional Chief Executive Officer