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Submission to Public Consultation

Service-Specific Pricing Principles (SSPPs)

Submitted to: National Information and Communications Technology Authority (NICTA)

Date: February 20, 2026

1. INTRODUCTION

Nextgen Technology Limited appreciates the opportunity to participate in this public consultation regarding the proposed Service-Specific Pricing Principles for declared wholesale services.

As an ICT solutions and infrastructure services provider operating within Papua New Guinea, our organization has a strong interest in ensuring that regulatory pricing frameworks promote fair competition, support infrastructure investment, maintain affordability, encourage innovation, and ensure long-term sustainability of telecommunications services.

We commend NICTA for its transparent and structured consultation process.

2. RESPONSES TO CONSULTATION QUESTIONS

Question 1:

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.

Yes. Both cost modelling and benchmarking may align with General Pricing Principles if applied appropriately. However, cost modelling is preferred because it reflects PNG's local market conditions, geographic realities, and infrastructure limitations. Benchmarking should be used only as validation.

Question 2:

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

Yes. Top-down, bottom-up, and hybrid approaches may all be acceptable depending on data availability. We recommend bottom-up as primary, hybrid as secondary, and top-down as validation.

Question 3:

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?

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Yes. Both LRIC+ and FAC are acceptable if assumptions are transparent and consistently applied. LRIC+ is preferred because it promotes efficiency and reflects incremental cost causation.

Question 4:

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?

Yes. Current Cost Accounting should be used instead of historical cost because it reflects real economic value and supports modernization.

Question 5:

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?

Yes. Replacement cost or economic depreciated value are appropriate asset valuation methods. NICTA should publish valuation guidelines for consistency.

Question 6:

Do you agree that NICTA could use either a Scorched Earth, Scorched Node, or a Modified Scorched Node approach?

Yes. Scorched Earth, Scorched Node, and Modified Scorched Node approaches are all valid. Selection should depend on data availability and modelling objectives.

Question 7:

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?

Yes. Where sufficient data exists, Scorched Node or Modified Scorched Node should be preferred because they provide realistic network representations.

Question 8:

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?

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Yes, with conditions. A hypothetical efficient operator model is appropriate provided assumptions and inputs are transparent and evidence-based.

Question 9:

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?

Yes. The proposed submarine cable cost components appear complete. Redundancy and resilience costs should also be considered.

Question 10:

Considering the cost model for the International Submarine Cable Facilities Access Service; do you agree with the proposed component and services to be modelled?

Yes. Facilities access modelling components are appropriate. Use of rack units, energy consumption, and PUE factors reflects industry standards.

Question 11:

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?

Yes. The proposed network components are suitable. Monitoring systems, redundancy links, and maintenance infrastructure should also be considered.

Question 12:

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?

Yes. The components listed for national broadband infrastructure are appropriate and comprehensive.

Question 13:

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.

Yes. Capacity-based allocation is appropriate because telecommunications networks are dimensioned according to demand capacity.

Question 14:

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.



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Yes. Equal Proportionate Mark-Up is suitable for overhead allocation due to simplicity and transparency. Periodic review is recommended.

Question 15:

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.

Yes. Tilted annuity depreciation accurately reflects telecom asset price declines and aligns with international regulatory practice.

Question 16:

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.

Yes. The proposed WACC methodology is appropriate. Publishing assumptions, benchmark sources, and calculation inputs is recommended to ensure transparency.

3. OVERALL POSITION

Nextgen Technology Limited supports NICTA's proposed pricing methodology and recognizes it as aligned with international regulatory best practices. The framework promotes fair competition, efficient investment, sustainable pricing, and consumer protection.

We recommend continued stakeholder engagement during implementation phases.

4. CLOSING STATEMENT

We thank NICTA for the opportunity to contribute to this important consultation and remain available for further technical discussion or clarification.

Submitted by:
Nextgen Technology Limited