



National Information & Communications Technology
Authority of Papua New Guinea
PO Box 8222
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NCD

8 December 2016

Dear Sir

RE: RESPONSES TO QUESTIONS RAISED ON THE DISCUSSION PAPER ON NUMBER PORTABILITY

bmobile thanks NICTA for the opportunity to submit its response to NICTA's questions on the Discussion Paper 'Mobile Number Portability for PNG: Discussion Paper on Costs and Benefits' dated 7 October 2016.

The individual responses to the specific questions detailed below are not exhaustive and bmobile's decision not to respond to any particular issue or issues raised does not represent agreement nor does any position in our responses represent a waiver or concession of bmobile's rights in anyway.

With this in mind please therefore find below, for NICTA's consideration, our feedback to the consultation questions that have been asked by NICTA at this time:

Question 1: *Introducing an MNP service will enhance competition and benefit PNG consumers and the PNG economy. Please provide your comments and views.*

As detailed in the consultants' report, in most markets the statement "Introducing an MNP service will enhance competition and benefit PNG consumers and the PNG economy" would be an accurate one. However, as the Consultants' report correctly details the PNG market does not currently have adequate competition and, as such, the 'type of' and 'how' MNP is introduced into the local PNG market needs to be seriously considered if it is to realise the ambition of consumer and competition benefits for the PNG economy.

If we get MNP wrong it will only worsen the current dominant competition situation in the PNG mobile market to the detriment of the PNG consumer and economy.

Question 2: *The MNP process of moving a customer's number from one provider to another provider should be achieved by either Recipient Led (the customer requests porting through the new Recipient operator). Please provide your comments and views.*

After looking at other markets, if MNP is to be introduced into the PNG market, then it would, following international best practice, be correct for the PNG MNP model to be Recipient Led as this delivers the most positive consumer porting experience. This though must be balanced with some of the wider considerations highlighted in the Discussion Paper to ensure that if a Recipient Led model is progressed by NICTA then the relevant level of investment has been made in the current PNG market to ensure that a Recipient Led MNP implementation is supported by true competition in the PNG telecoms market.

Question 3: *In Section 4 of the Discussion Paper there is a description of the benefits of MNP broken down into four types. Is this an adequate description of the benefits that should be considered?*

The benefits detailed in Section 4 are both at a high level and by MNP implementation type and do not consider the wider benefits or benefit detriments (e.g. to the PNG economy) that could accrue depending on the MNP implementation model that NICTA potentially takes forward.

Question 4: *In Section 4.3 of the Discussion Paper there is a description of the areas in which one-time and continuing costs will be incurred to provide a MNP service. Is this description complete and are there other types of costs that should be considered?*

From our understanding of Recipient Led MNP implementations in other markets, Section 4.3 of the Discussion Paper feels like a complete high level description of the one-time and continuing costs that would be incurred

Question 5: *Each operator will be responsible for their set-up costs to prepare for the implementation and launch of MNP in PNG. Please provide your comments and views.*

The cost to an individual operator will depend on its internal network and IT systems configuration. Because of this, at first sight, the recommendation that operators should be responsible for their own set-up costs would appear to be a sensible one.

However, as detailed in the Discussion Paper, there are specific PNG market dynamics that need to be considered and if a Recipient Led MNP solution imposed a larger cost, in relation to revenues, on smaller operators we believe NICTA needs to fully consider the implications of this to ensure the relative investment required by smaller operators does not disadvantage them and potentially lead to a less competitive PNG market.

Question 6: *Cost recovery is a transfer function that does not need to be considered in a economic cost benefit study. However, should set-up costs be recoverable from consumers or other stakeholders?*

As detailed in the Discussion Paper the actual flavour of MNP taken forward by NICTA will determine the burden of set-up costs on operators; and if this meant there would be high set-up costs for all operators then set-up cost support for non dominant operators, we believe, would need to be fully considered by NICTA.

Question 7: *The table in Figure 6.1 (in Section 6 of the Discussion Paper) contains the Consultant's estimated monthly ARPU for each mobile network operator using best available information. If you consider the figures used not to be correct or current, please supply more accurate figure(s).*

We would be willing to discuss this information with NICTA outside of this Consultation response if the information would support NICTA in better understanding the current competitive dynamics of the PNG telecoms market as part of NICTA's consideration of number portability.

Question 8: *In your view, what is the maximum time that it should take to completely and successfully port a mobile service number? Will the options set out in the Discussion Paper achieve the maximum time that you have nominated?*

We agree with the best practice recommendations detailed in section 8.6 of the Discussion Paper and that if MNP is introduced into the PNG market it should be recipient-led and designed to ensure that all individual number ports are handled within one working day unless the recipient operator requests longer.

Question 9: *Section 10.1 of the Discussion Paper sets out prerequisites for the suitability of MNP both generally and in PNG, together with assessments in the case of each prerequisite. Please provide your comments and views.*

We agree with the Discussion Papers assessment of the prerequisites for the suitability of MNP both generally and in PNG and would draw NICTA's attention to the remedy, detailed by NICTA's Consultants, to enable the PNG market to 'Pass' the Effective Competition prerequisite: 'there is substantial capital investment in an existing operator'.

Question 10: *While the market in PNG meets the majority of criteria for the successful introduction on MNP, the degree of competition is currently inadequate and MNP could lead to a reduction in market shares for the smaller operators Bmobile and Citifon. Please provide your comments and views.*

We agree with this assessment of the market in PNG and that NICTA therefore needs to fully consider the degree of market competition that currently exists in the PNG market if the introduction of MNP to PNG is to be a success.

Question 11: *Number portability will lead to a need to examine tariff transparency issues further to ensure that callers to ported numbers do not have to pay more than they expect. Please provide your comments and views.*

We agree that, as in other markets, the introduction of number portability needs to be supported by tariff transparency to ensure clarity over costs so callers can make fully informed decisions with regard porting from one supplier to another supplier and do not therefore have to pay more than they expect.

Question 12: *Requiring the introduction of number portability as a user right would impose an unfair and unsustainable financial burden on Bmobile and Citifon. Please provide your comments and views.*

The Discussion Paper sets out quite clearly, with Case 1b, how the introduction of number portability as a user right, i.e. the implementation of number portability by all operators, could be balanced against the financial burden of a potentially centrally implemented all operator MNP solution.

The detail around how this, Case 1b, could be progressed would need to be explored by NICTA in more detail, to ensure it was able to sustainably support both the introduction of competition and number portability into the PNG market. bmobile would be willing to work with NICTA to ensure the correct model for the PNG market is taken forward.

Question 13: *Digicel is able to afford the introduction of number portability both as a user right and as a measure to promote competition. Please provide your comments and views.*

We agree with this statement.

Question 14: *A future New Entrant should be able to absorb the cost of providing number portability as part of its overall investment. Its costs would be lower than those of the other operators because number portability would be designed in to the network rather than added on as a later modification. Any new entrant would probably regard number portability as an essential tool for competing with the established operators. Please provide your comments and views.*

We agree that a future New Entrant would be able to absorb its lower (than current operators) cost of providing Number Portability as part of its overall market entry investment and that any new entrant would see number portability as an essential function of any new market it wished to enter for the reasons that NICTA's Consultants have said – as an essential tool for competing with the established operators.

Question 15: *In Section 11 of the Discussion Paper four cases are set out. Effectively they are options that might apply to the introduction of MNP in PNG. They labelled as Cases 1a, 1b, 2, 3a and 3b respectively and subjected to cost benefit assessment. Please provide your comments and views on the options set.*

Case 1b would seem to provide a way of maintaining competition and also enabling the user right benefits of MNP to be achieved. It would also seem that the options, as detailed in the Discussion Paper, are not mutually exclusive. NICTA could progress Case 1b and then in the time frame detailed in the Discussion Paper progress Case 2 as part of a wider published, for example, 10 year strategic plan for the PNG telecoms market.

This would allow the competition issue in the PNG market to be addressed and a degree of competition maturity to be established prior to, if NICTA's market assessment says it would benefit the PNG market, a new entrant entering the PNG mobile market.

Question 16: *In Subsections 12.1 and 12.2 of the Discussion Paper are listed advantages and disadvantages of a user right approach to portability (which corresponds to the options in Cases 1a, 1b and 2) and of a competition promotion approach (which correspond to the options in Cases 3a and 3b). Please provide your comments and views. In relation to Fixed Number Portability*

In relation to Fixed Number Portability we have no comment to make on this question.

Question 17: *The penetration of fixed services in PNG is insufficient to justify the introduction of FNP. Please provide your comments and views.*

After looking at International Number Portability (NP) best practice we agree that the penetration of fixed services in PNG is insufficient to justify the introduction of FNP.

Question 18: *There is inadequate competition in fixed services now and will be inadequate competition in the next five years, and therefore no reason for considering FNP at this time. Please provide your comments and views.*

As with Question 17 we agree with this view.

Question 19: *If there is a case at a later date for FNP then the MNP arrangements, if there are any, can be extended to include FNP. Please provide your comments and views.*

International best practice in this area, e.g. for porting times, is for the arrangements to be the same irrespective of service type. Therefore, if eventually adequate fixed services competition in the PNG market does exist, and MNP arrangements were in place, then the arrangements for FNP should be the same as those for MNP.

Question 20: *There may be some benefits, including cost savings, in implementing FNP at the same time as MNP. Please provide your comments and views. Would the net benefit of MNP and FNP being implemented at the same time exceed the net benefit of an implementation of MNP only? Please provide your comments and views.*

As with previous responses this might be true in certain markets but different markets have different needs. In the PNG market, as highlighted in the Discussion Paper, competition needs addressing in the both the mobile and fixed telecom markets which would imply, if FNP was to be implemented at the same time as MNP, that competition issues need to be fully addressed in both the fixed and mobile PNG markets before number portability could be progressed.

By implication, this means that the easier market, mobile, to introduce competition into would need to wait a long time, for competition in the fixed market to catch up, before number portability was implemented.

bmobile would of course be happy to discuss these responses to NICTA's questions on the Discussion Paper in more detail, to support the consultation process, and as such please do not hesitate in contacting me.

Yours faithfully,

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