



Ministry of Information & Communications Technology

Office of the Minister

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DECLARATION OF INTERCONNECTION VOICE SERVICES [Domestic Mobile Termination Access Services & Domestic Fixed Termination Access Services]

MEDIA STATEMENT

I would like to inform all you all that I have accepted a Recommendation Report from the National Information Communications Technology Authority (NICTA) – ICT sector specific regulator to declare the Domestic Mobile Termination Access Services (DMTAS) and Domestic Fixed Termination Access Services (DFTAS) (commonly called Interconnection Services) that are supplied by both the mobile and fixed service operators.

DMTAS and DFTAS are wholesale services that both a mobile and fixed network operator supplies to other operators (fixed line and mobile) for carrying calls made to its subscribers. The report concludes that all mobile operators – irrespective of their size – have control over access to all calls received on their networks. That is, for example if I make a call from my Digicel mobile to a Vodafone mobile, my network service provider, in this case Digicel, has no option but to ultimately seek termination of this call from Vodafone. This control over access gives operators market power over calls to their networks such that they are subject to very weak competitive constraints when setting prices for this service.

In reaching this decision to regulate the DMTAS and DFTAS, the report reveals the following;

- The current practice where the operators allow to set prices for DMTAS and DFTAS based on commercial negotiations, does not provide adequate constraints on access provider's pricing. This has resulted in DMTAS and DFTAS prices that are significantly higher than in countries that impose cost-based pricing regulation.
- A benchmark test based on a sample of countries that developed cost models to regulate cost-based interconnection pricing was applied to the current commercially and negotiated rates charged between the operators in PNG. This review indicates that the price of DMTAS (mobile voice interconnection charges) in PNG is nearly four times the median value in the benchmarked countries. A similar analysis for the price of DFTAS (fixed voice interconnection charges), found that the price in PNG is more than 10 times higher than the median in the benchmarked countries.

- As a result, the high price of DMTAS and DFTAS (interconnection charges) contributes to having a significant price difference between off-net and on-net calls. This, in turn, lessens competition in the retail mobile voice service markets

The decision also introduces a more direct pricing principle, which is designed to achieve a closer association between the price and the underlying cost of the declared service (DMTAS & DFTAS-Interconnection services).

I am confident that this decision is fully consistent with the National ICT Policy goals on service affordability in Papua New Guinea and within our Pacific Region.



HON. TIMOTHY MASIU, MP
Minister for Information and Communication Technology
And Member for South Bougainville